

JOINT BUDGET COMMITTEE



STAFF BUDGET BRIEFING FY 2018-19

DEPARTMENT OF HIGHER EDUCATION

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

PREPARED BY:
AMANDA BICKEL, JBC STAFF
DECEMBER 19, 2017

JOINT BUDGET COMMITTEE STAFF
200 E. 14TH AVENUE, 3RD FLOOR • DENVER • COLORADO • 80203
TELEPHONE: (303) 866-2061 • TDD: (303) 866-3472
<https://leg.colorado.gov/agencies/joint-budget-committee>

CONTENTS

Department Overview	1
Department Budget: Recent Appropriations.....	3
Department Budget: Graphic Overview	4
General Factors Driving the Budget.....	6
Summary: FY 2017-18 Appropriation & FY 2018-19 Request	25

ISSUES

Colorado Higher Education Master Plan Goals.....	30
Department Requests R1 and R2 - General Fund and Tuition Increases	50
Pursuing Master Plan Goals - The “Last Dollar Scholarship” Option	73
Colorado Opportunity Scholarship Initiative (Request R6).....	91
Career and Technical Education and Request R5	98
Open Educational Resources	105

APPENDICES

A. Numbers Pages.....	113
B. Recent Legislation Affecting Department Budget	141
C. Update on Long Bill Footnotes and Requests for Information.....	146
D. Department Annual Performance Report	165

DEPARTMENT OF HIGHER EDUCATION

DEPARTMENT OVERVIEW

RESPONSIBILITIES

Distributes state appropriations for governing boards consistent with decisions of the General Assembly:

State General Fund appropriations are provided for:

- The College Opportunity Fund Program that provides stipends to students for undergraduate education
- Fee-for-service contracts with state institutions to support other higher education activities, such as graduate and professional education, and to provide performance incentives
- State subsidies for governing boards that are not subdivisions of state government, such as Local District Colleges and Area Technical College
- Financial aid programs

The Department also monitors cash funds tuition spending authority provided to each state governing board and has authority to reallocate certain spending authority based on end-of-year enrollment and revenue received.

Coordinates and establishes statewide policies under CCHE: Establishes policy and provides central coordination for state-supported higher education programs under the authority of the Colorado Commission on Higher Education (CCHE). This includes ensuring institutional degree programs are consistent with institutional missions, establishing statewide enrollment policies and admissions standards, determining allocation of financial aid among institutions, and coordinating statewide higher education operating and capital construction budget requests, including tuition policy requests. CCHE is also responsible for proposing the model for the allocation of higher education operating funds pursuant to H.B. 14-1319.

Data collection, research and reports: Develops reports on the higher education system as needed or directed by the General Assembly, and, as part of this function, provides a central repository for higher education data with links to P-12 and employment data;

Vocational education: Oversees and allocates funding from various sources for vocational and occupational education programs provided in both higher education and K-12 settings.

Private occupational schools: Regulates private occupational schools under the oversight of Colorado State Board of Private Occupational Schools.

CollegeInvest and CollegeAssist: Oversees statutorily-authorized state enterprises with responsibilities related to college savings and student loan programs. These programs are off-budget.

Colorado Opportunity Scholarship Initiative (COSI) board: Under oversight of the COSI board, allocates grants to nonprofits and other entities to increase the availability of pre-collegiate and postsecondary student support and provides associated student scholarships. New appropriations for COSI are on-budget, but COSI spends from a fund balance transferred to it by the General Assembly (off-budget).

Federal and private grants administration: Administers various programs supported through federal and private grants. These include, among others, the “CollegeInColorado” program, which disseminates information about planning for college and higher education financing options (off-budget), and the Gear Up program (on-budget), which provides services beginning in middle school that are designed to increase higher education participation for youth who might not otherwise attend college.

History Colorado: Collects, preserves, exhibits, and interprets items and properties of historical significance through the State Historical Society. History Colorado is overseen by a separate appointed board and is largely funded through Constitutionally-authorized limited gaming revenues.

DEPARTMENT STRUCTURE

Overall Department Structure: Authority over Colorado’s higher education system is fairly decentralized. Individual governing boards of higher education institutions have substantial independent authority over the management of their institutions. The Governor appoints, with consent of the Senate, most members of these governing boards (with the exception of the regents of the University of Colorado, who are elected), the members of CCHE, members of the State Board of Private Occupational Schools, members of the CollegeInvest Board, and members of the Board of Directors of the State Historical Society. The Governor also appoints some members of the Colorado Opportunity Scholarship Initiative board.

Department divisions include the Department Administrative Office (centrally-appropriated line items), Colorado Commission on Higher Education, Colorado Commission on Higher Education Financial Aid, College Opportunity Fund Program, Governing Boards, Local District Colleges, the Division of Occupational Education, the Auraria Higher Education Center, and History Colorado, as described below.

Colorado Commission on Higher Education: The executive director of CCHE is also the executive director of the Department. The appropriation for CCHE funds the Commission’s central administrative staff of 30.0 FTE, the Division of Private Occupational Schools, and various special-purpose line items. This section is largely supported through indirect cost recoveries.

College Opportunity Fund Program and Governing Boards: About 76 percent of state General Fund appropriations to the Department are for the College Opportunity Fund (COF) Program, with amounts reappropriated to each of the governing boards in consolidated line items in the Governing Boards section. The COF Program provides stipends for undergraduate resident students to attend public colleges and participating private colleges in Colorado and also supports fee-for-service contracts with public higher education institutions for educational performance and services not covered by the stipends.

Colorado Commission on Higher Education Financial Aid: State support for higher education financial aid, which comprises about 20 percent of General Fund appropriations to the Department, is appropriated to CCHE for allocation to the Governing Boards.

Other Higher Education Divisions: The Division of Occupational Education oversees Colorado Vocational Act programs, the Area Technical Colleges, federal Perkins technical training programs, and resources for the promotion of job development, job training, and job retraining. Separate divisions provide state subsidies for Local District Colleges and reappropriated funds for the Auraria Higher Education Center, which maintains the single shared campus of the Community College of Denver, Metropolitan State College of Denver, and the University of Colorado at Denver.

History Colorado: The Department budget includes appropriations for the Colorado History Museum and regional community museums and facilities, as well as preservation grant programs. Funding is largely comprised of state Limited Gaming revenues deposited to the State Historical Fund. History Colorado is considered a state educational institution. However, it is overseen by its own Board, and CCHE has no administrative authority over the organization.

DEPARTMENT BUDGET: RECENT APPROPRIATIONS

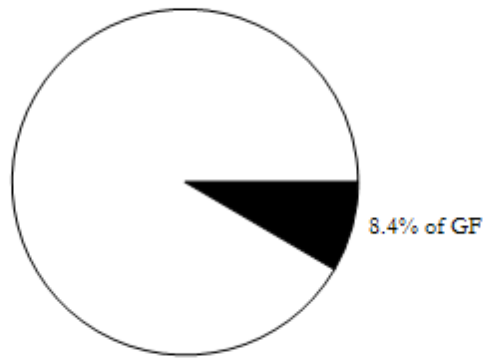
FUNDING SOURCE	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19 *
General Fund ¹	\$857,415,995	\$871,034,716	\$894,907,900	\$981,841,295
Cash Funds	2,269,594,336	2,513,598,084	2,645,689,267	2,727,135,172
Reappropriated Funds	701,803,695	715,348,692	738,374,874	796,929,848
Federal Funds	22,494,551	22,512,517	22,641,490	22,812,462
TOTAL FUNDS	\$3,851,308,577	\$4,122,494,009	\$4,301,613,531	\$4,528,718,777
Full Time Equiv. Staff	23,856.3	24,491.4	25,087.2	25,087.2

¹ Includes General Fund Exempt

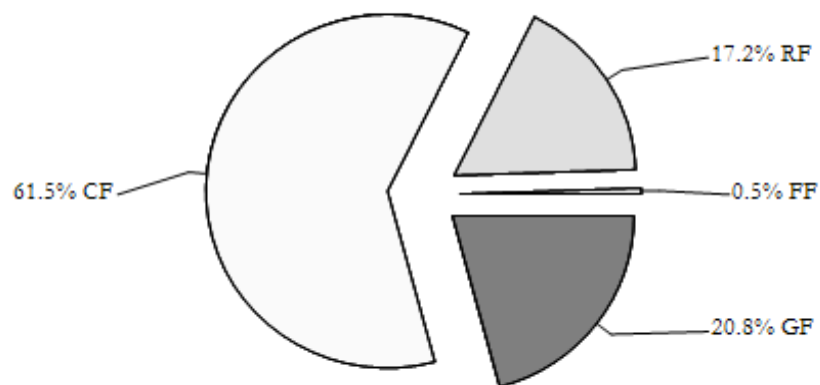
*Requested appropriation.

DEPARTMENT BUDGET: GRAPHIC OVERVIEW

**Department's Share of Statewide
General Fund**

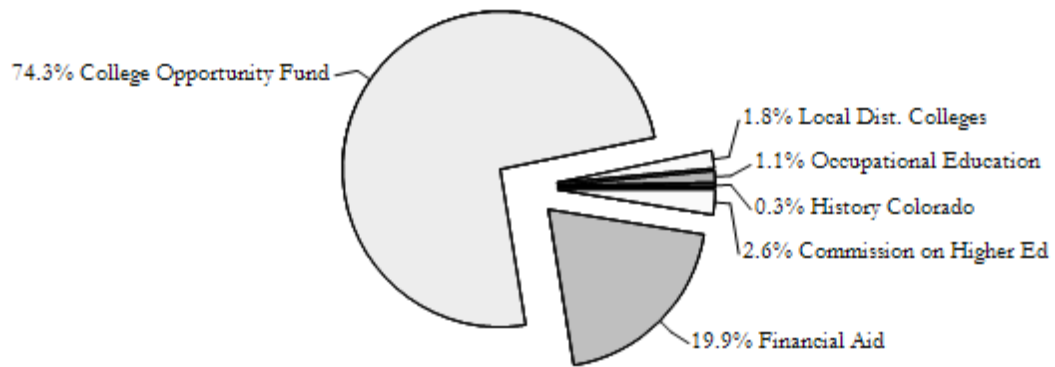


Department Funding Sources

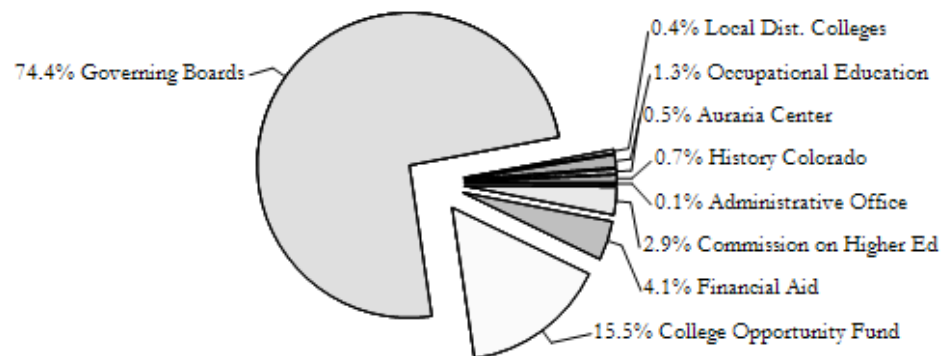


All charts are based on the FY 2017-18 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



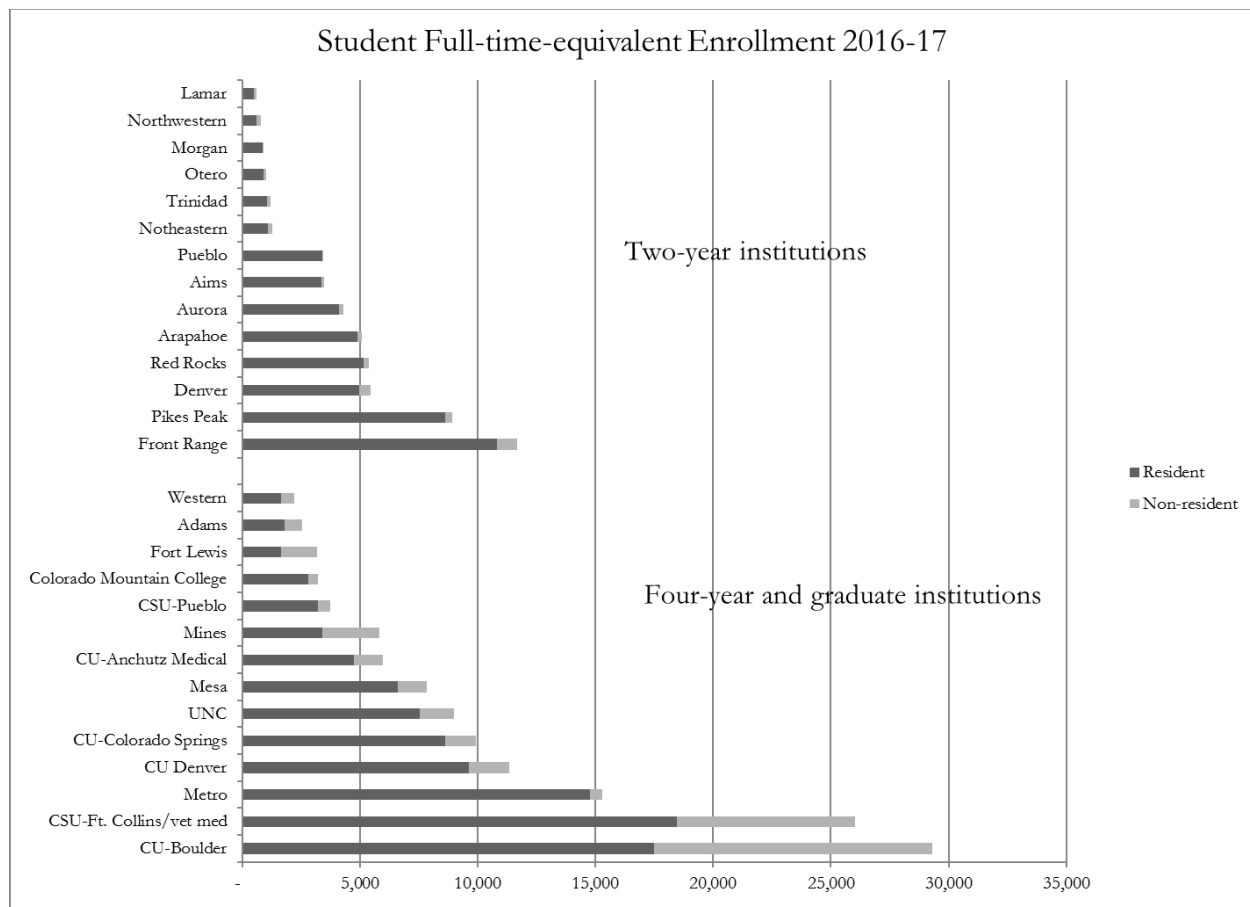
All charts are based on the FY 2017-18 appropriation.

GENERAL FACTORS DRIVING THE BUDGET

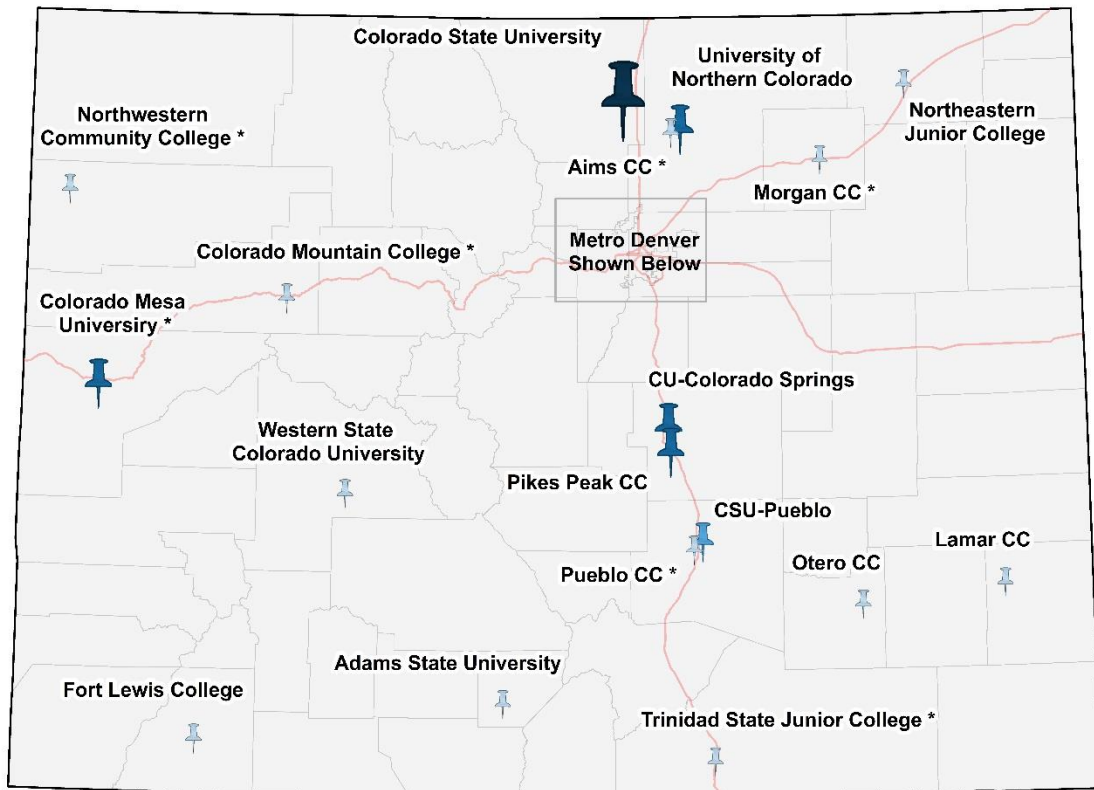
OVERVIEW AND ORGANIZATION

The state higher education system served about 182,000 full-time equivalent students (FTE) in FY 2016-17, including about 146,000 Colorado residents. About 11,500 additional FTE were served by local district colleges, which receive regional property tax revenues in addition to state funding, and area technical colleges, which offer occupational certificates and serve both secondary and post-secondary students. Approximately one-third of student FTE attend two-year and certificate institutions. Students attending institutions that offer baccalaureate and higher degrees are concentrated at the University of Colorado, Colorado State University, and Metropolitan State University of Denver.

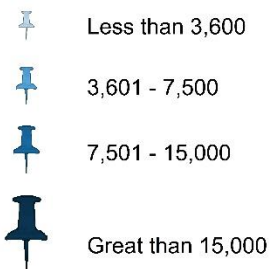
The Colorado Commission on Higher Education (Commission) coordinates the higher education delivery system, including requests for state funding. However, each institution has a governing board that makes policy and budget decisions for the institution.



Colorado Public Higher Education Institutions

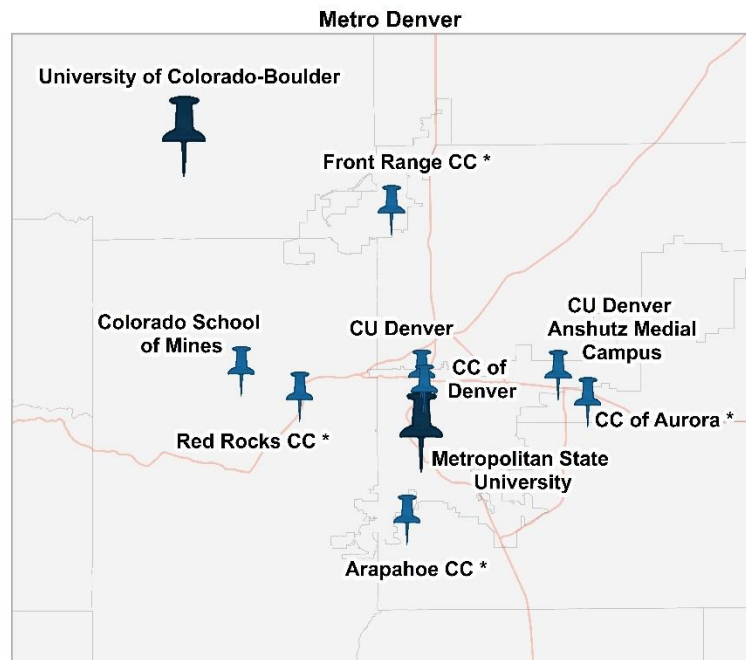


Student FTE Served



* This institution has additional campuses that are not reflected on the map. The size of the symbol at the primary location is based on total student FTE for the institution, including all campuses.

Source: Joint Budget Committee Staff

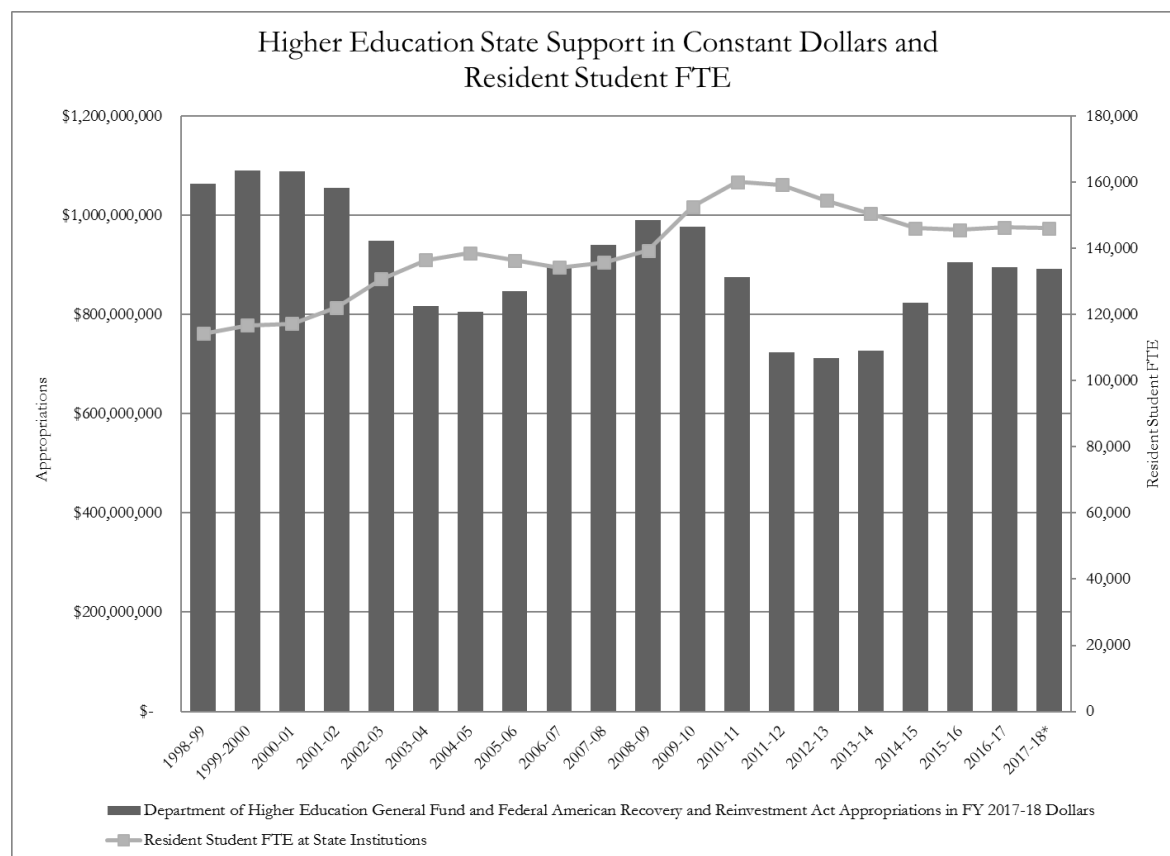


IMPACT OF THE STATEWIDE BUDGET OUTLOOK

The State has historically subsidized higher education at state institutions based on the public benefits of providing educational access to all citizens and promoting a more educated population. An educated population is associated with higher wages, lower unemployment, and lower dependence on public resources. Higher education may also be part of strategies to fill unmet needs in the community, such as nurses or teachers or engineers. Finally, subsidizing higher education is frequently described as a form of economic development for the community, as it attracts business and cultural resources.

While there are many potential benefits to supporting higher education, there are no statutes, constitutional provisions, or federal guidelines requiring specific amounts of state funding per student. As a result, this is one of the budget areas most affected by the availability of state funds.

The chart below shows how statewide General Fund support for higher education has declined during economic downturns in FY 2002-03 through FY 2004-05 and again in FY 2008-09 through FY 2011-12. The decreases in General Fund appropriations for higher education were disproportionately larger than decreases for other state agencies during the same time frames. As the economy improved, funding increased, including a \$103.0 million (15.6 percent) General Fund increase for FY 2014-15 and a further increase of \$95.3 million (12.5 percent) General Fund for FY 2015-16. As also reflected in the chart, student demand for higher education tends to be higher during recessions and lower as the economy improves. FY 2016-17 and FY 2017-18 General Fund appropriations were above FY 2015-16 appropriations in nominal dollars but, as shown, fell below FY 2015-16 appropriations after adjusting for estimated inflation.



*Resident student FTE for FY 2017-18 reflect projections used for state budgeting purposes (institutional projections in most cases). Students at local district colleges and area technical colleges are not included in student FTE figures.

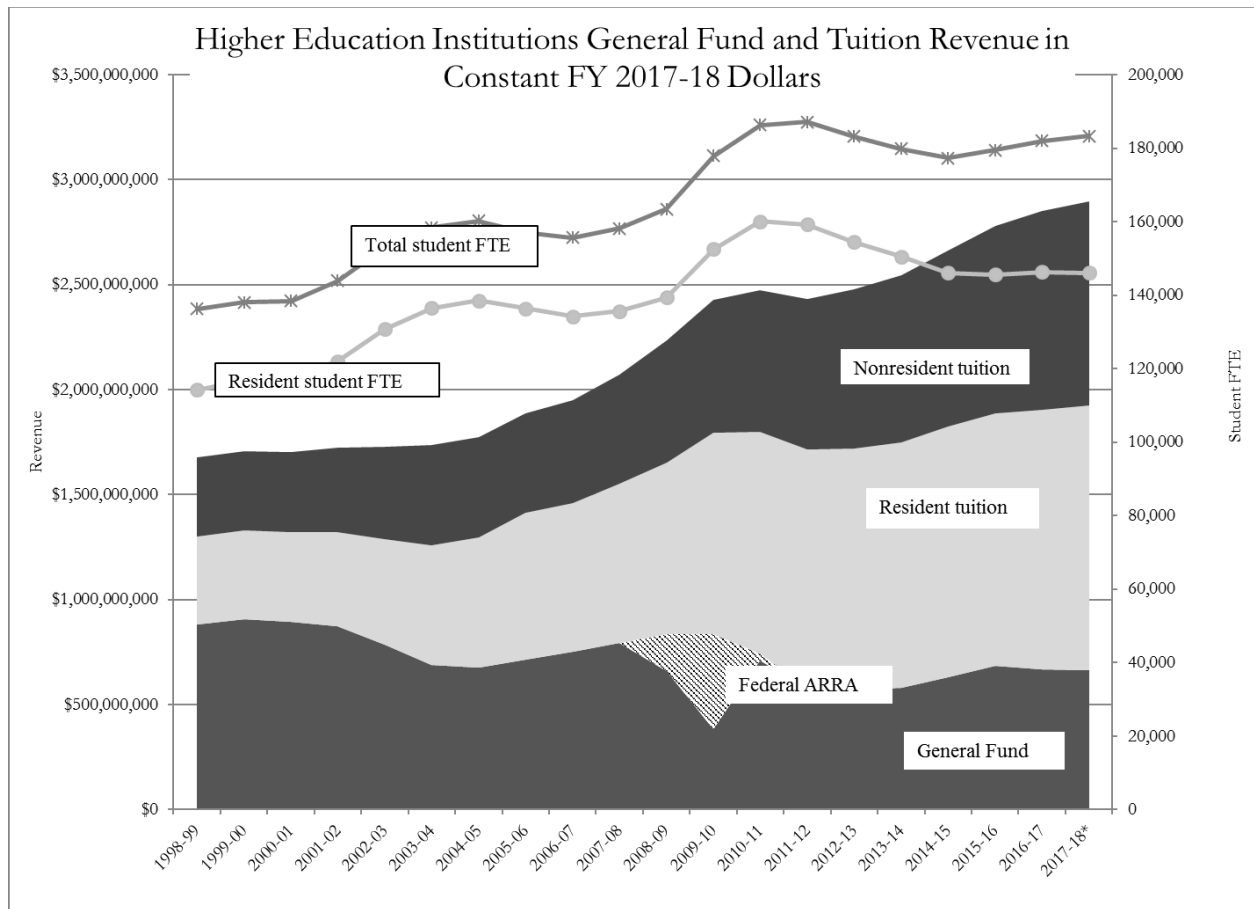
The table below shows the allocation of the overall increase in General Fund support from FY 2016-17 to FY 2017-18 by governing board and funding category.

DEPARTMENT OF HIGHER EDUCATION OPERATING BUDGET: GENERAL FUND APPROPRIATIONS CHANGES BY CATEGORY AND GOVERNING BOARD FY 2016-17 TO FY 2017-18				
GOVERNING BOARDS/INSTITUTIONS ¹	FY 2016-17	FY 2017-18	AMOUNT CHANGE	PERCENTAGE CHANGE
Adams State University	\$14,076,360	\$14,259,963	\$183,603	1.3%
Colorado Mesa University	24,280,729	25,951,161	1,670,432	6.9%
Metropolitan State University of Denver	51,415,001	51,626,603	211,602	0.4%
Western State Colorado University	11,534,927	11,821,897	286,970	2.5%
Colorado State University System	134,518,307	139,285,526	4,767,219	3.5%
Fort Lewis College	11,481,200	11,784,939	303,739	2.6%
University of Colorado System	186,532,686	194,318,227	7,785,541	4.2%
Colorado School of Mines	20,639,050	21,484,706	845,656	4.1%
University of Northern Colorado	39,113,234	39,597,408	484,174	1.2%
Community College System	153,330,147	153,709,215	379,068	0.2%
Colorado Mountain College	7,143,039	7,319,484	176,445	2.5%
Aims Community College	8,446,176	8,654,810	208,634	2.5%
Area Technical Colleges	9,971,721	10,218,039	246,318	2.5%
Subtotal - Governing Boards/Institutions	\$672,482,577	\$690,031,978	\$17,549,401	2.6%
Financial Aid	\$175,203,345	\$177,783,660	\$2,580,315	1.5%
Lease Purchase Payments for HED Buildings	19,374,501	21,534,800	2,160,299	11.2%
History Colorado	1,295,000	2,756,401	1,461,401	112.8%
Other	2,679,293	2,801,061	121,768	4.5%
Total - Department of Higher Education	\$871,034,716	\$894,907,900	\$23,873,184	2.7%

¹Includes College Opportunity Fund stipends, fee-for-service contracts, and grants to local district colleges and area technical colleges in all enacted bills.

One reason this budget area is more subject to state-funding adjustments than some others is that there is an alternative funding source: individual tuition payments. Colorado has always expected that individuals and families who benefit from higher education will bear at least some portion of the cost. Policymakers differ in the extent to which they believe higher education should be an individual versus a public responsibility. However, limited state funds and the ability to increase tuition have, together, pushed Colorado and other states toward a funding model in which the share of higher education costs borne by individuals and families has increased dramatically while state funding has declined.

The chart below illustrates how tuition, as well as temporary federal American Recovery and Reinvestment Act (ARRA) funds, have augmented and substituted for General Fund revenues for the higher education institutions. As shown, tuition revenue increases have more than compensated for declines in General Fund support.



* FY 2017-18 tuition revenue and student FTE reflect estimates used for budgeting purposes.

TUITION AND FEES

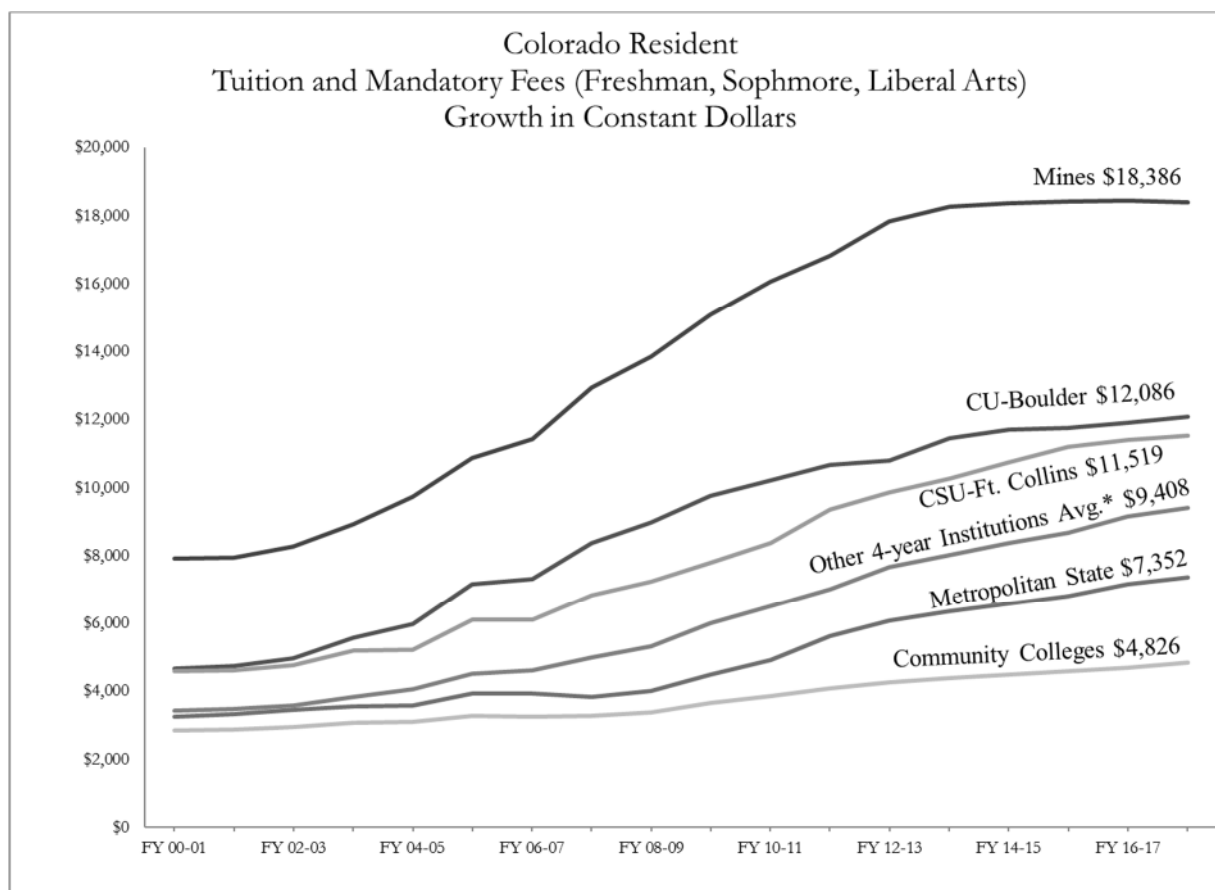
Public access to higher education is significantly influenced by tuition and fee rates: high rates may discourage participation or may result in high debt loads for those who do participate. Nonetheless, Colorado and other states have often used tuition increases to substitute for higher education General Fund support due to the multiple demands on state General Fund revenue.

The General Assembly has provided more flexibility for institutions to increase tuition revenue in times of state General Fund cuts and has restricted tuition growth when more state revenue is available for higher education.

- Prior to FY 2011-12, the General Assembly appropriated tuition revenue to the institutions and set forth its assumptions about tuition increases in a Long Bill footnote.
- S.B. 10-003 temporarily delegated tuition authority to higher education governing boards for five years from FY 2011-12 through FY 2015-16.
- From FY 2011-12 through FY 2013-14, governing boards could increase resident undergraduate tuition rates up to 9.0 percent per year, and could submit a plan to ensure access and affordable tuition for low- and middle-income students to the Commission for permission to implement larger rate increases.

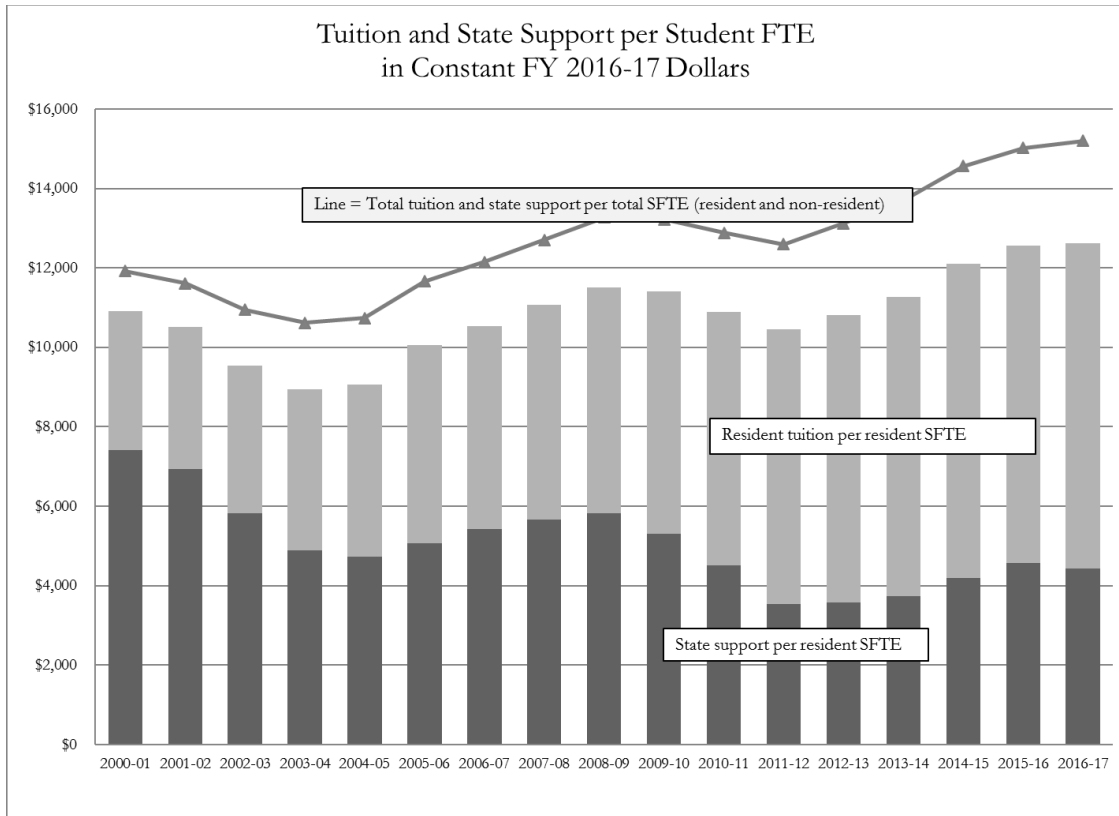
- For FY 2014-15 and FY 2015-16, the General Assembly paired increases in state funding with a 6.0 percent "hard" cap on undergraduate resident tuition increases through S.B. 14-001 (College Affordability Act).
- Beginning in FY 2016-17, the responsibility to set tuition spending authority reverted to the General Assembly for all institutions except the Colorado School of Mines [Section 23-5-129 (10), C.R.S.], and the tuition increases used to derive the total spending authority for each governing board are detailed in a footnote to the Long Bill [Section 23-18-202 (3)(b), C.R.S.].
- For FY 2017-18, Long Bill footnotes and tuition spending authority reflected maximum resident undergraduate tuition increases by governing board of 5.0 percent to 7.7 percent.

The chart below shows the growth in tuition and fee rates through FY 2017-18. All rates are for students who are full-time (30 credit hours per year), beginning their studies, Colorado resident, undergraduate, and taking liberal arts and sciences courses. The amounts for prior years are shown *after* adjusting for inflation (FY 2017-18 dollars).



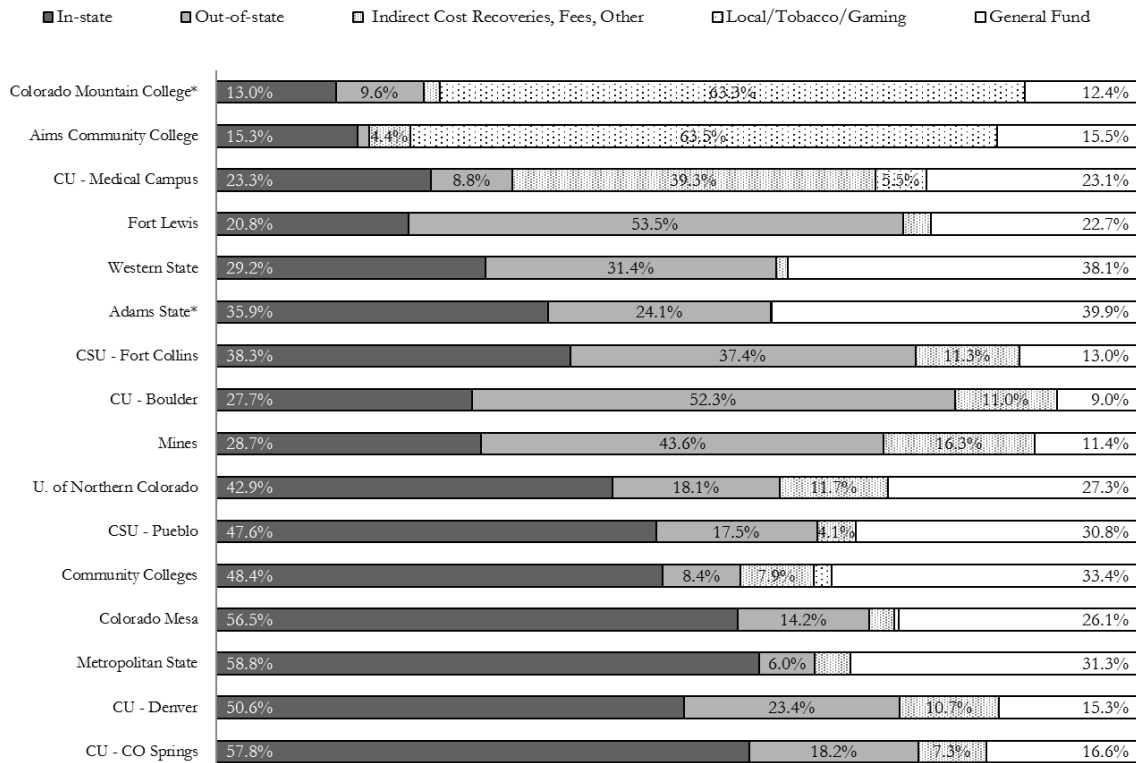
*CSU-Pueblo, Fort Lewis College, University of Northern Colorado, Adams State University, Colorado Mesa University, Western State Colorado University

Most, but not all, tuition increases in recent years are explained by declines in state support per student FTE. The chart on the following page shows the change in General Fund and tuition revenue to the institutions per student since FY 2000-01 after adjusting for inflation (years prior to FY 2017-18 are reflected in FY 2017-18 dollars, based on the Denver-Boulder-Greeley consumer price index/CPI).



Institutions have different abilities to bring in out-of-state student tuition revenue or to raise tuition above that of other institutions based upon their individual missions and the populations they serve. The chart below compares the revenue mix at various state institutions for educational expenditures reported to the General Assembly in FY 2016-17. Note that this excludes revenue and expenditures for research grants and auxiliary facilities such as dormitories and dining halls.

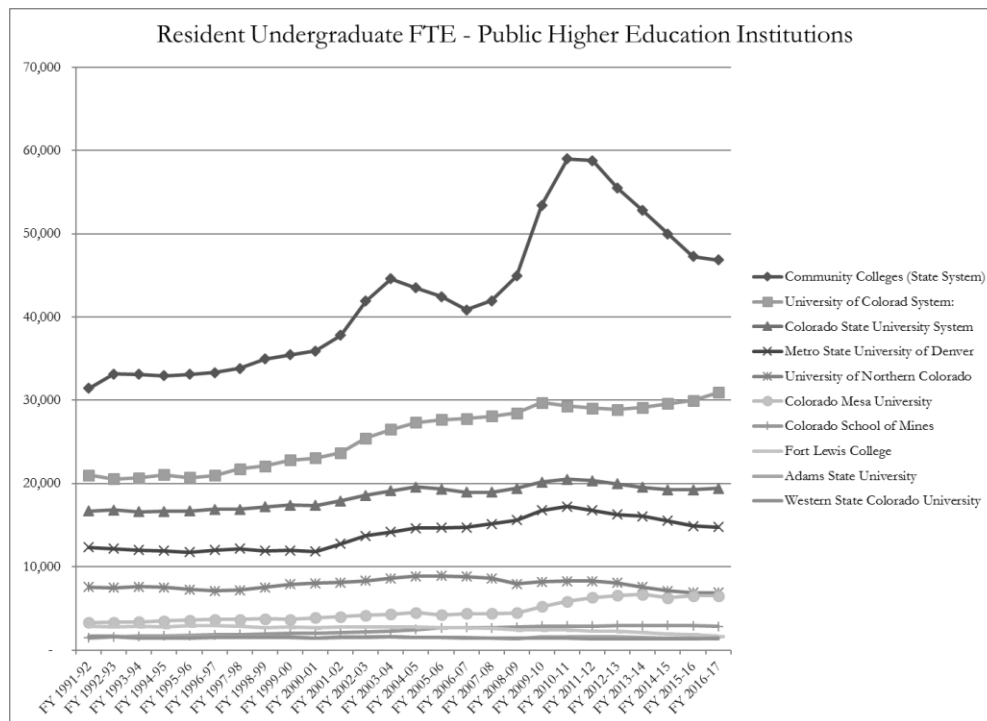
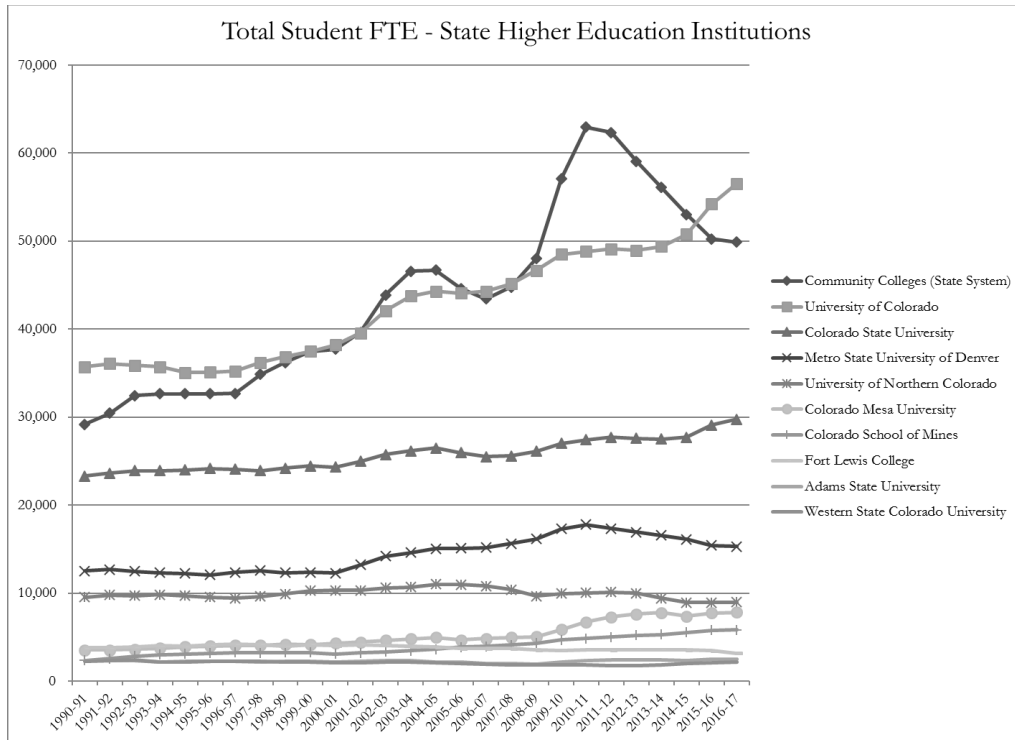
Proportion of Funding from Students vs the State FY 2016-17



ENROLLMENT

Enrollment is both a workload and performance measure for campuses, and it affects tuition and fee revenue, as well as state support. For some institutions, nonresident enrollment is important because nonresident tuition helps subsidize resident education. Increases in enrollment also drive costs for faculty, advising, and general operating.

Enrollment tends to be counter-cyclical: when the economy slows, higher education enrollment grows more rapidly. This affects most institutions to some extent but is particularly notable for the community college system. The following chart reports student FTE since FY 1991-92 (excluding local district college and area technical college data). Thirty credit hours in a year equals one full-time-equivalent student for undergraduates. In FY 2015-16, total student FTE enrollment increased for the first time since FY 2011-12, but there was wide variation in the enrollment trend by institution. The charts below show: (1) total FTE by institution, including both residents and non-residents, undergraduate and graduate students; and (2) resident undergraduate FTE by institution. The University of Colorado System now serves more students in total than any other governing board, but the community college system serves by far the largest share of resident undergraduate students.



PERSONNEL

Higher education governing boards are allowed by statute to determine the number of employees they need, but the Long Bill reflects estimates provided by the governing boards of the numbers of employees at their institutions. In FY 2016-17, the state institutions, including the Auraria Higher Education Center, employed an estimated 25,161.2 FTE, excluding employees of self-supporting auxiliary programs such as food services, bookstores, or housing.

Of the amount state-operated institutions spend on education, approximately two-thirds is spent on salaries and benefits, and most of this is spent on instructional faculty. Some higher education FTE such as administrative support and maintenance staff are classified staff for whom salaries and benefits are defined by the state personnel system and the policies of the General Assembly. However, the majority of FTE and personal services expenditures are for exempt staff such as faculty for whom governing boards have control of compensation.

Increases in benefit costs have been a consistent cost driver at state institutions. Staff salary trends, however, have varied by institution in response to a range of internal and external factors. In general, when institutions faced enrollment increases and state funding declines during the recession, both 4-year and 2-year institutions increased the number of lower-paid, often part-time staff, thus reducing average compensation costs. As the economy and state funding have increased, institutions have faced pressure to improve salaries and have often done so.

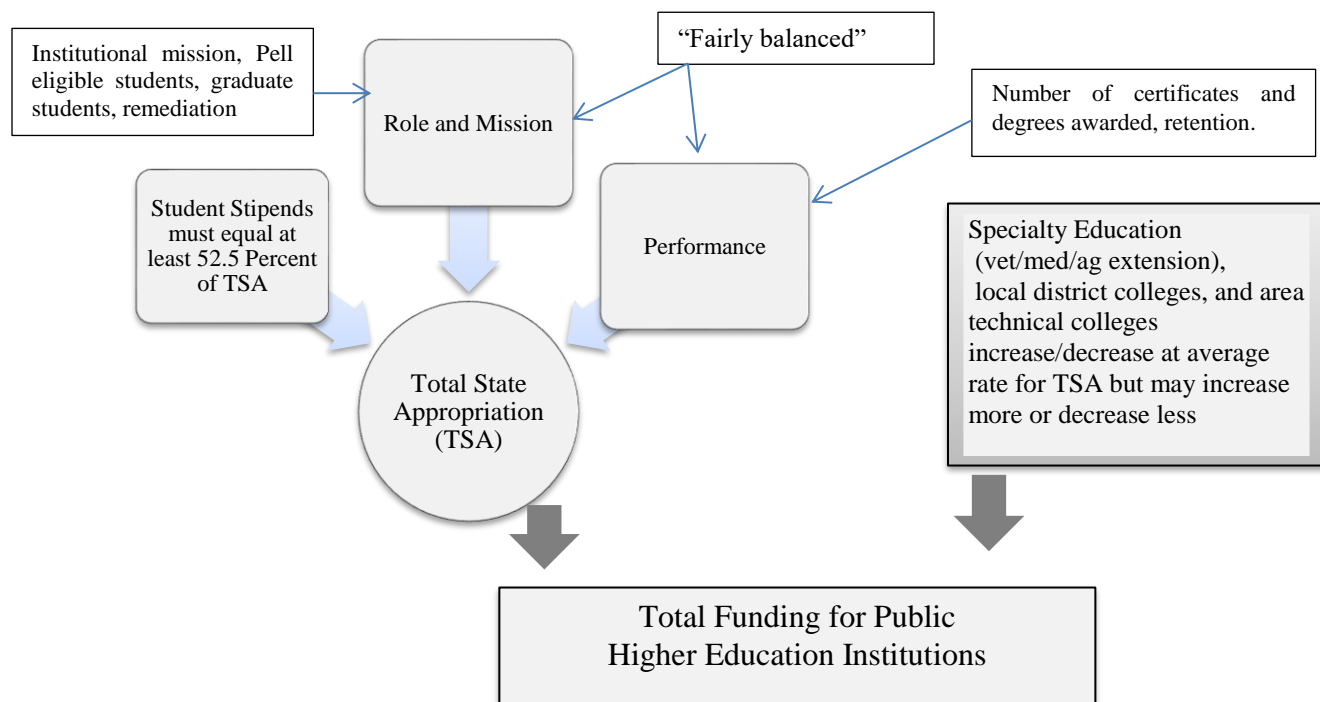
Generally speaking, four-year institutions that employ tenure-track faculty in high-demand fields may need to offer compensation to professors competitive with peer institutions in other states and, in some cases, the private sector. However, this pressure is not consistent across all academic fields. At two year institutions, the vast majority of staff are adjunct faculty who carry part-time teaching loads and receive modest compensation.

THE HIGHER EDUCATION FUNDING MODEL

Pursuant to the provisions of H.B. 14-1319 (Outcomes-based Funding for Higher Education), Colorado adopted a new model for allocating funds among the higher education governing boards effective FY 2015-16. The new model includes three major components:

- funding for institutional roles and missions;
- funding for institutional outcomes (such as numbers of graduates); and
- funding provided per resident undergraduate student (student stipends).

As reflected chart below, each state-operated governing board receives an allocation that includes student stipends for resident undergraduate students, an allocation for role and mission, and an allocation for performance/outcomes based primarily on numbers and types of degrees awarded. In addition, the University of Colorado and Colorado State University receive allocations for their specialty education programs (such as the medical and veterinary schools), and local district colleges and area technical colleges also receive allocations. Specialty education programs, local district colleges, and area technical colleges increase and decrease at the same rate as overall funding for the model.



The funding formula for state-operated governing boards for FY 2017-18 includes the following components. This excludes additional support provided for certain "limited purpose" contracts (special initiatives such as pilot programs that have been authorized by the General Assembly in Section 23-18-308, C.R.S.) and support for local district colleges and area technical colleges (which by law must receive funding increases consistent with the average for the state-operated boards).

HIGHER EDUCATION FUNDING MODEL FY 2017-18					
	TOTAL FROM COF STIPEND	TOTAL FROM ROLE & MISSION	TOTAL FROM PERFORMANCE	SPECIALTY EDUCATION	TOTAL FROM MODEL
Adams State University	\$2,829,163	\$8,551,417	\$2,879,383	\$0	\$14,259,964
Colorado Mesa University	14,646,059	6,375,070	4,930,032	0	25,951,161
Metropolitan State University	31,937,232	8,568,412	11,120,959	0	51,626,603
Western State Colorado University	3,096,055	6,824,688	1,901,154	0	11,821,896
Colorado State University System	44,082,292	20,931,300	18,247,325	55,149,609	138,410,526
Fort Lewis College	3,928,733	5,279,409	2,576,796	0	11,784,938
University of Colorado System	64,865,863	33,045,098	32,157,196	64,150,070	194,218,227
Colorado School of Mines	6,321,656	10,032,268	5,130,782	0	21,484,706
University of Northern Colorado	15,477,118	16,251,093	7,794,197	0	39,522,408
Community College System	104,075,673	26,268,712	23,202,869	0	153,547,255
Total	\$291,259,844	\$142,127,467	\$109,940,693	\$119,299,679	\$662,627,684

*The CSU amount excludes an additional Specialty Education appropriation for Western Slope Agricultural Extension.

The model relies on the most recent actual data available, rather than projections. Thus, funding for the governing boards in FY 2017-18 was based on their actual enrollment, degrees awarded, and other relevant data from FY 2015-16. To a significant extent, the changes in individual governing board support from FY 2016-17 to FY 2017-18 reflected relative growth or decline in the governing board's enrollment in FY 2015-16 compared to other governing boards.

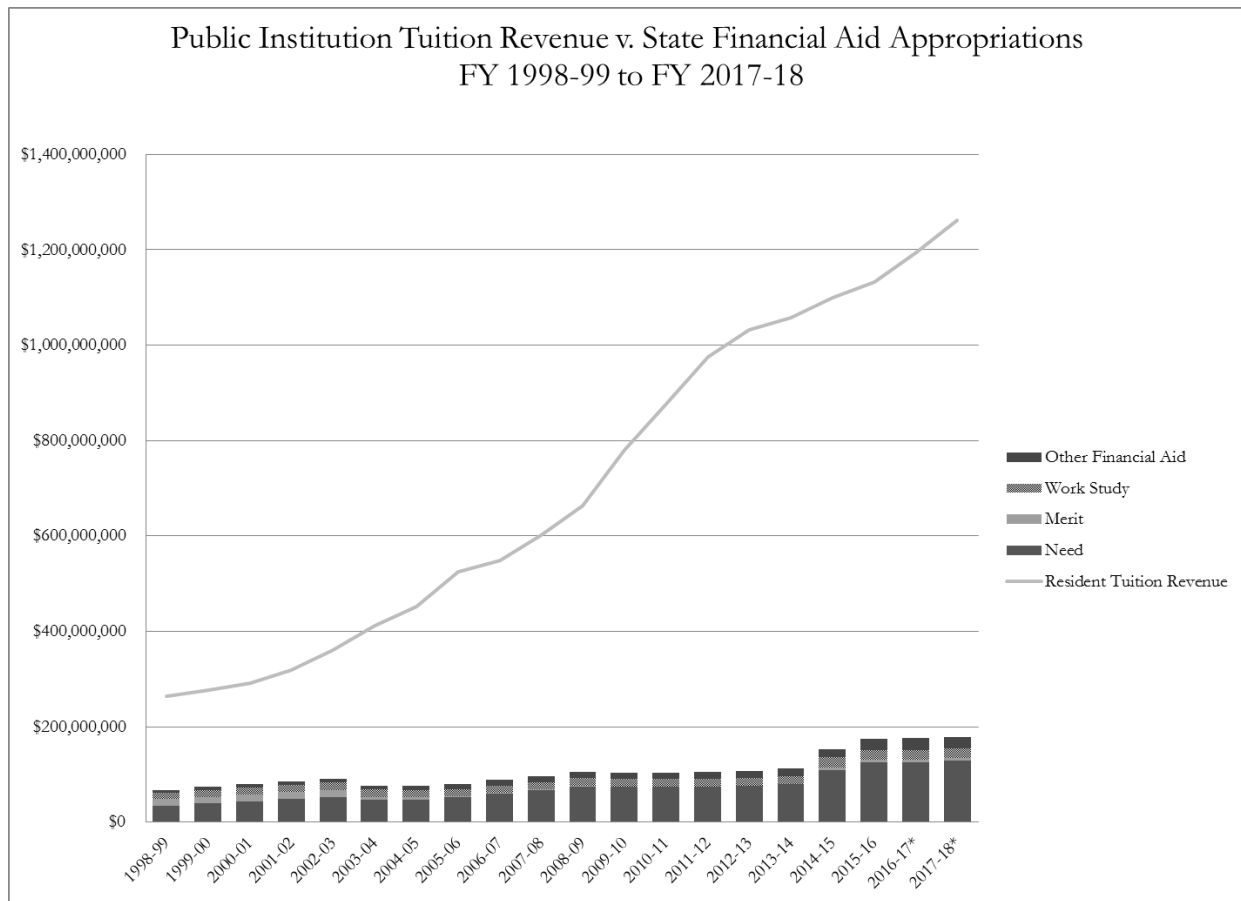
Since 2004, funding for state higher education has been provided through student stipends and fee-for-service contracts with the state institutions. This enables the State to designate qualifying state higher education institutions as enterprises under Article X, Section 20 of the Colorado Constitution (TABOR). Revenue, such as tuition, that is generated by enterprises is exempt from the statewide revenue limits imposed by TABOR and has no impact on any refund that may be due pursuant to TABOR. To achieve enterprise status under TABOR, a program must: (1) be a government-owned business; (2) have authority to issue revenue bonds; and (3) receive less than 10 percent of annual revenue from state and local grants. Stipends and fee-for-service contracts are defined in statute as different from a state grant. All of the institutions are generally designated as TABOR enterprises except, for some smaller institutions, in years in which they receive large state capital construction grants.

FINANCIAL AID

Of state appropriations for higher education in FY 2017-18, \$178.0 million, including \$177.8 million General Fund, is for financial aid. This represents 19.9 percent of all the state General Fund appropriations for higher education. The majority of the money goes for need-based aid and work study. A small appropriation for merit-based grants was restored in FY 2014-15 and continued in subsequent years, and there are a number of smaller, special purpose financial aid programs. These include the Fort Lewis College Native American tuition waiver, which covers tuition for any Native American student attending Fort Lewis College pursuant to a treaty obligation, and the Colorado Opportunity Scholarship Initiative, added in FY 2014-15 to fund services and scholarships for high achieving low income students in collaboration with private funders and agencies.

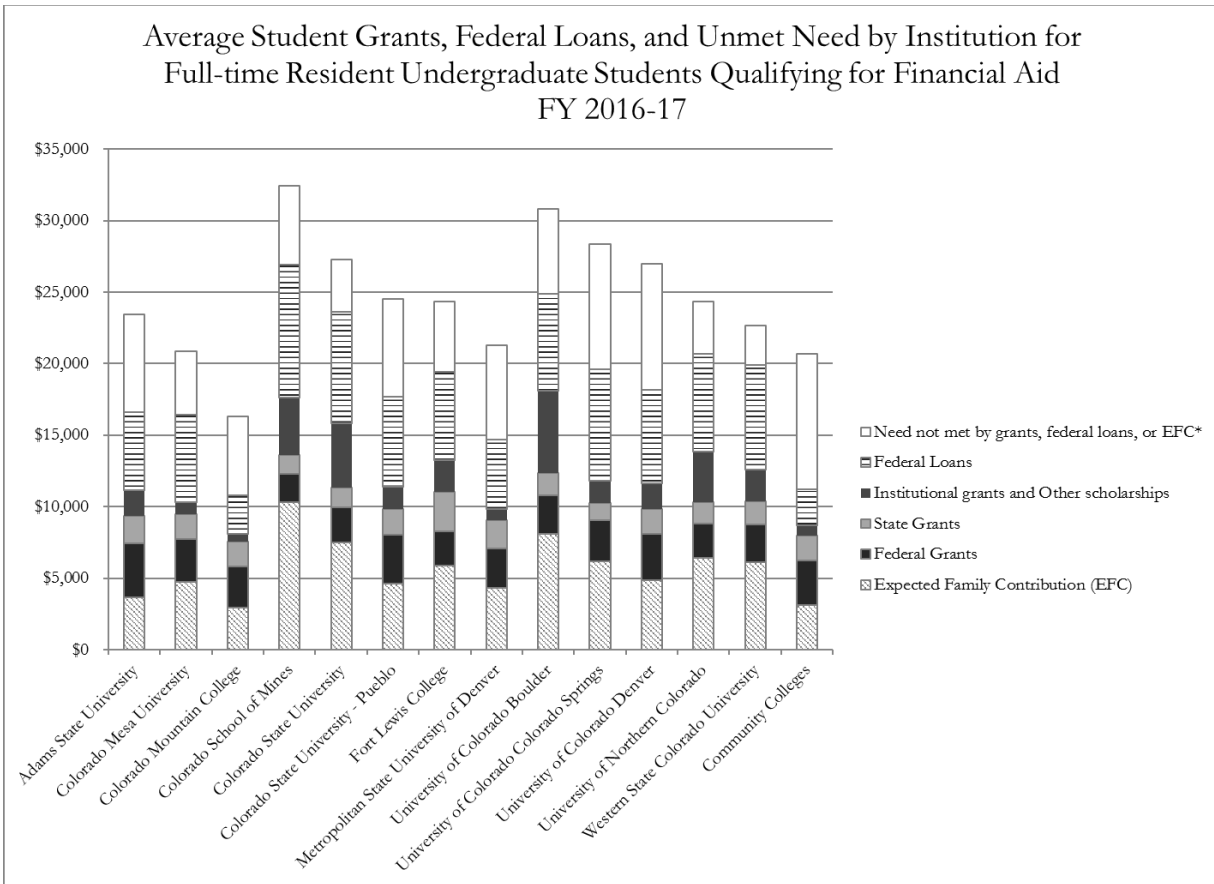
For most of the financial aid programs, the General Assembly appropriates financial aid funds to the Colorado Commission on Higher Education, which allocates them to institutions, including to some private institutions, based on formulas that consider financial need at the schools, total student enrollment, student retention, and program eligibility criteria. A total of 72,204 students received state-supported financial aid in FY 2016-17. The average state need-based award was \$2,137 and the average state work study award was \$2,550.

For FY 2014-15, the General Assembly provided a 37.0 percent increase in financial aid, for FY 2015-16 it provided a 14.0 percent increase, and in FY 2017-18 funding was held almost flat (a 0.6 percent increase). For FY 2017-18, funding increased by 1.5 percent, including an increase of 3.1 percent for need-based aid, offset by a reduction for the Fort Lewis Native American tuition waiver and transfer of the National Guard Tuition Assistance Program to the Department of Military Affairs. Overall demand for aid continues to far outstrip available funding, as suggested by the chart below.



*Tuition revenue reflects estimates used for budgeting purposes for FY 2016-17 and FY 2017-18.

Most sources of student financial aid are not reflected in the state budget. However, even when these other funding sources are included, financial aid support is far less than the cost of higher education. The following chart compares grants and loans awarded in FY 2016-17 to full-time resident undergraduate students with financial need (calculated based on federal formulas) and the average cost of attendance for a resident student at various institutions. Of the funding sources shown, only state grants are reflected in the state budget.



*This shortfall may be addressed by the student by reducing their out-of-pocket costs, e.g., by living with family or in less expensive accommodation than the cost of attendance formula calculates, by additional earned income or savings, or by private unsubsidized loans taken out by the student or family.

As reflected in the chart, state grants represent only one relatively small component of financial aid.

The largest source of need-based aid is the federal government, which provides student grants that are not reflected in the state budget. The federal Pell grant program provided up to \$5,815 per eligible student in FY 2016-17, with an average grant of \$3,445. The families of dependent students receiving a full Pell had an average adjusted gross income of \$15,921 while the average for students receiving any Pell award was \$32,051. In FY 2015-16, 72,051 students attending state public institutions received a Pell grant, including 31,899 who were dependent students.

Students may also receive grants from the higher education institutions they attend. About 29.5 percent of all the aid students receive at public and private Colorado institutions is institutional aid. Some institutions make significant funds available from their operating budgets and donated funds, based on money available and the number of students who qualify for institutional aid. About one-third of institutional aid is used for need-based aid, primarily for resident students, and this is reflected in the chart above.

The calculated “Cost of Attendance” is far greater than just tuition and academic fees. It includes expenses related to room, board, transportation, and learning materials, in addition to tuition. Depending on the institution, these other costs of attendance may dwarf the price of tuition. The total

cost of attendance for a resident student in FY 2016-17, including room and board and fees, ranged from \$16,105 at Aims Community College to \$32,431 at the Colorado School of Mines.

In order to fill the gap between cost of attendance and available grant funds, students typically rely heavily on student loans. In addition to grant funds, the federal government provides guaranteed loans and tax credits and deductions for tuition.

- Sixty-five percent of students completing a bachelor's degree from a public institution graduated with federal student debt in FY 2016-17, and the average federal student loan debt at graduation was \$26,259.
- Fifty-eight percent of students completing an associate's degree from a public institution graduated with federal student debt in FY 2016-17, and the average student loan debt at graduation was \$13,212.
- There is a substantial gap between the calculated cost of attendance for students with need and known sources of student support. A portion of this gap may be filled with additional unsubsidized student or family loans, which are not included in these figures.

INSTITUTIONAL FINANCIAL HEALTH

As state institutions become more dependent upon tuition revenue, their survival has become more dependent upon their performance as businesses. While the governing boards have considerable operating autonomy and independent responsibility for their financial well-being, they are components of state government, employ large numbers of state staff, and play a critical role in the state economy. Thus, the General Assembly has an active interest in how well or poorly the institutions are performing financially.

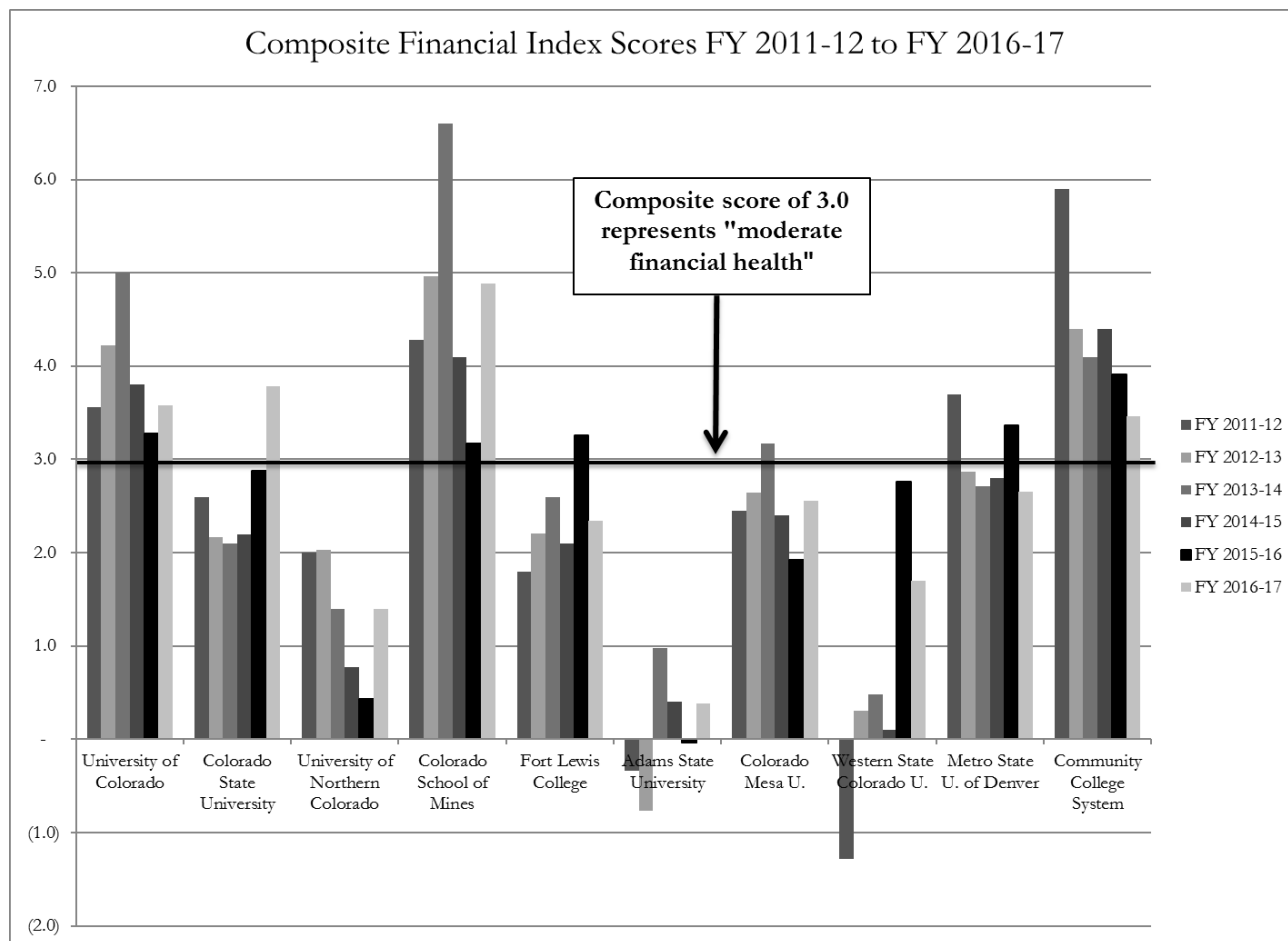
In addition, the State provides a financial backstop for bonds issued by most of the state institutions. For bonds issued under the higher education revenue bond intercept program (Section 23-5-139, C.R.S.), loan rates are based on the state's credit rating rather than the institution's, and the State agrees to make bond payments if the institution is unable to do so. Under statutory provisions amended in S.B. 16-204, the Capital Development Committee and Joint Budget Committee must approve requests that increase a governing board's debt under the program.

The Composite Financial Index (CFI) is a tool designed to summarize institutional financial health. It combines four financial ratios (primary reserve ratio, viability ratio, return on net assets, and net operating ratio) to provide an overall indicator of a governing board's financial well-being. The CFI is calculated on a scale from below 0 to 10.0, with a result below 0 indicating that the institution's viability is in question and a score of 3.0 representing the threshold for moderate financial health.

An additional source of information is the State Treasurer's Office *Annual Report on State Institutions of Higher Education* (Sept. 2017), released pursuant to S.B. 16-204 (Concerning the Higher Education Revenue Bond Intercept Program). The report assesses whether institutions qualify for the higher education revenue bond intercept program and, even if they qualify, whether they have been experiencing financial difficulties.

- The governing boards reflect a mix of financial positions in FY 2016-17, with five of ten close to or above a score of 3.0 (moderate financial health on the CFI scale). Some have recently seen improvements, but others appear very weak.

- The Treasurer's report on the higher education institutions did not include information this year on whether there were concerns about any of the boards. It did indicate that one board, Western State, is not qualified for the program because its bond rating is below the "A" category. (The 2016 Treasurer's report identified significant concerns are Adams State University, Western State University, and the University of Northern Colorado.)
- **Staff is concerned about Adams State University.** As shown, its CFI has hovered close to zero in recent years. It is facing substantial declines in enrollment, as it is on probation with its accreditor, the Higher Learning Commission. It is required to inform any prospective student of this fact, and, as a result, students are discouraged from attending. Its trend with respect to total FTE does not appear dire, but this conceals a steady decline in its "bread and butter" undergraduate enrollment since FY 2011-12 (from 1,967 in FY 2012 to 1,694 in FY 2016-17). Adams reports a further enrollment drop of 7 percent in FY 2017-18. Last year's Treasurer's report highlighted concerns, and the school was ineligible for the intercept program for one year due to its coverage ratio. It is again eligible this year. However, its bond rating was recently assessed as A3 with a negative outlook. If it slips further, the school will be in the B category and no longer eligible for intercept.
- **Western State University and Fort Lewis College also face financial challenges.** Both institutions' financial positions appeared stronger in 2015-16, because of significant additional capital investments from the State. However, their CFI position has declined in FY 2016-17.
 - From a financial position, Fort Lewis is assessed as stronger, with a credit rating of A2, due to the Native American Tuition Waiver and the associated reliable General Fund support. However, its enrollment has been shrinking from over 4,000 students in the early 2000s to just 3,167 in FY 2016-17, and for the last two years even its Native American student population and related waiver revenue has declined.
 - In contrast, Western State has seen significant enrollment growth, due to improved marketing, and it has seen a sharp uptick in enrollment from a low of 1,792 in 2012-13 to 2,196 in FY 2016-17. However, its credit rating is still Baa1, and it is highly leveraged. Due to its low credit rating, it is not eligible to expand its debt under the revenue bond intercept program.
- The University of Northern Colorado's financial position was assessed as weak in 2016, and its credit rating was downgraded to A2 based on, according to Moody's ratings services, "several years of weak operations, declining liquidity, and rising fixed costs associated with plans to grow enrollment". However, its CFI reflects some improvement, based on its FY 2016-17 financial statements, and its enrollment increased in FY 2016-17 for the first time since FY 2011-12.



Source: institutional data submissions using the methodology outlined in KPMG, Prager, Sealy & Co, Attain, "Strategic Financial Analysis for Higher Education, Seventh Edition", 2010.

Notes: Ratios have been adjusted to eliminate the impact of GASB 68, which requires institutions to include pension liabilities in their financial statements, since the CFI tool has not been updated to address the GASB 68 changes.

GOVERNING BOARD	TREASURER : QUALIFIED TO ISSUE ADDITIONAL DEBT UNDER INTERCEPT PROGRAM BASED ON CREDIT RATING, COVERAGE RATIO, AND DEBT PAYMENT TO STATE APPROPRIATION RATIO?	BOND RATING/RATING OUTLOOK (MOODY)*	BOND RATING/RATING OUTLOOK STANDARD & POOR'S	NOTES
University of Colorado	YES (but N/A)	Aa1/stable (May 2017)		The University has a credit rating higher than the State of Colorado's and thus does not use the Revenue Bond Intercept Program.
Colorado State University	YES	Aa3/stable (Aug 2017)	A+ /stable (Aug 2016)	Moody's notes "sound growth of tuition net revenue, "favorable capital campaign results, and strong fiscal stewardship" despite "high leverage."

GOVERNING BOARD	TREASURER : QUALIFIED TO ISSUE ADDITIONAL DEBT UNDER INTERCEPT PROGRAM BASED ON CREDIT RATING, COVERAGE RATIO, AND DEBT PAYMENT TO STATE APPROPRIATION RATIO?	BOND RATING/RATING OUTLOOK (MOODY)*	BOND RATING/RATING OUTLOOK STANDARD & POOR'S	NOTES
University of Northern Colorado	YES	A2/negative (Oct 2016)	A/negative (Dec 2016)	UNC was downgraded to A2 on October 7, 2016. The Moody's report indicated that this reflected several year of weak operations, declining liquidity, and rising fixed costs associated with plans to grow enrollment. S&P also highlighted the university's weakening financial profile, while recognizing that enrollment appeared to be stabilizing.
Colorado School of Mines	YES	Aa3/stable (Jul 2017)	A+/stable (Jul 2017)	Moody's reports "good strategic positioning reflects solid wealth and liquidity relative to peers" although "out-sided operating leverage that is expected to weaken with near term debt plans".
Fort Lewis College	YES	A2/stable (Feb 2016)		Debt service coverage is sufficient and Native American Tuition waiver provides ongoing support, but Moody's notes declining enrollment and limited pricing power in a competitive environment.
Adams State University	YES	A3/negative (May 2017)		Qualifies for intercept in 2017 after failing test in 2016 due to debt coverage ratio. However, credit rating downgraded by Moody's 1/22/16 and outlook assessed as negative in May 2017. (Any further downgrade would disqualify Adams from the intercept program.) Moody's indicates the negative outlook reflects uncertainty regarding the university's ability to

GOVERNING BOARD	TREASURER : QUALIFIED TO ISSUE ADDITIONAL DEBT UNDER INTERCEPT PROGRAM BASED ON CREDIT RATING, COVERAGE RATIO, AND DEBT PAYMENT TO STATE APPROPRIATION RATIO?	BOND RATING/RATING OUTLOOK MOODY)*	BOND RATING/RATING OUTLOOK STANDARD & POOR'S	NOTES
				successfully balance operating performance due to limited state operating support and variable enrollment.
Colorado Mesa U.	YES	A2/stable (Jan 2016)		Debt service coverage is sufficient. Dominance in western Colorado and long-term growth in enrollment and tuition revenue offsets concerns related to high leverage.
Western State Colorado U.	NO	Baa1/stable (Aug 2016)		Fails credit rating test and coverage ratio test. Rating is stable. Coverage is challenging as the University is highly leveraged with capital expenses equivalent to 23 percent of total expenses.
Metro State U. of Denver	YES	A1/stable (Jan 2016)	A/negative (Sept 2016)	Moody's notes growing net tuition per student and improved state funding but high leverage and declining enrollment.
Community College System	YES	Aa3/stable (Jan 2016)		Meets all requirements. Strong coverage ratio.

*Moody's ratings, from highest to lowest: Aa1, Aa2, Aa3, A1, A2, A3, Baa1, Baa2. The State of Colorado's rating is Aa2/Stable, and this is the rating used for any board using the intercept program.

SUMMARY: FY 2017-18 APPROPRIATION & FY 2018-19 REQUEST

DEPARTMENT OF HIGHER EDUCATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2017-18 APPROPRIATION:						
S.B. 17-254 (Long Bill)	4,299,869,706	894,882,900	2,644,189,267	738,156,049	22,641,490	25,086.2
Other legislation	1,743,825	25,000	1,500,000	218,825	0	1.0
TOTAL	\$4,301,613,531	\$894,907,900	\$2,645,689,267	\$738,374,874	\$22,641,490	25,087.2
FY 2018-19 APPROPRIATION:						
FY 2017-18 Appropriation	\$4,301,613,531	894,907,900	\$2,645,689,267	\$738,374,874	\$22,641,490	25,087.2
R1 Improving college affordability and outcomes	129,909,560	73,065,843	0	56,843,717	0	0.0
R2 Tuition spending authority	86,033,097	0	86,033,097	0	0	0.0
R3 Fort Lewis Native American tuition waiver	(373,209)	(373,209)	0	0	0	0.0
R4 Emergency completion and retention grant	1,500,000	1,500,000	0	0	0	0.0
R5 Occupational credential capacity	5,000,000	5,000,000	0	0	0	0.0
R6 Colorado Opportunity Scholarship Initiative	4,000,000	4,000,000	0	0	0	0.0
HC1 History Colorado OTT payments	0	112,207	(112,207)	0	0	0.0
Auraria Higher Education Center adjustment	1,074,659	0	0	1,074,659	0	0.0
Centrally appropriated line items	646,885	142,247	184,489	79,036	241,113	0.0
Lease-purchase payment adjustments	316,936	3,304,651	(3,599,953)	612,238	0	0.0
CO Geological Survey total compensation adjustments	175,741	67,287	109,587	0	(1,133)	0.0
Depreciation for higher education capital projects	175,060	175,060	0	0	0	0.0
WICHE membership	4,000	0	0	4,000	0	0.0
Annualize prior year legislation	(1,025,000)	(25,000)	(1,000,000)	0	0	0.0
Annualize prior year budget actions	(332,483)	(35,691)	(169,108)	(58,676)	(69,008)	0.0
TOTAL	\$4,528,718,777	\$981,841,295	\$2,727,135,172	\$796,929,848	\$22,812,462	25,087.2
INCREASE/(DECREASE)	\$227,105,246	\$86,933,395	\$81,445,905	\$58,554,974	\$170,972	0.0
Percentage Change	5.3%	9.7%	3.1%	7.9%	0.8%	0.0%

R1 OPERATING REQUEST FOR PUBLIC COLLEGES AND UNIVERSITIES: The request includes an increase of \$73,065,843 General Fund allocated among public institutions of higher education (state governing boards, local district colleges, and area technical colleges) and financial aid. The request includes: (1) an overall increase of \$59,204,626 (8.6 percent) for the governing boards, allocated based on the H.B. 14-1319 funding model; and (2) an increase of \$13,861,217 for financial aid, reflecting the statutory requirements that financial aid increase at the same rate as support for the governing boards.

State governing boards: The request for the state governing boards incorporates: \$15.96 million for the General Fund portion of a 2.4 percent inflationary increase; \$1.7 million for health benefits inflation that exceeds base inflation; \$6.0 million for additional completion incentive funding for Pell eligible students; and \$33.2 million to buy down tuition to a 3.0 percent increase.

Local district colleges/area technical colleges: The request includes \$2.2 million for the statutorily-required calibration increase for local district colleges and public area technical colleges.

Financial aid: The request includes \$11.9 million for need-based aid and \$2.0 million for work study for the statutorily-required calibration increase for financial aid.

The Department proposes two changes to the H.B. 14-1319 model from the version used for the FY 2017-18 Long Bill:

- For every Pell-eligible (low income) undergraduate resident student, the College Opportunity Fund stipend rate “bumped up” by 12.5 percent. Statute requires a bump of at least 10.0 percent for Pell students, and this is where prior-year models were set.
- Every Pell-eligible student who completes a certificate or degree, the degree is weighted 2.0x the usual weight for the degree. Prior year models weighted Pell students at 1.6x the usual weight for the degree.

Under the model, the state-operated boards would receive increases that range from 3.6 percent to 10.3 percent based on the distribution of institutional enrollment and degrees awarded in actual FY 2016-17. Specialty education programs (such as the medical school), local district colleges, and area technical colleges receive the average increase. The Department proposes that governing board inflationary increases that cannot be fully covered by the request will be addressed through tuition increases (Request R2).

The request annualizes to \$144,705,405 in FY 2019-20, and the narrative indicates that additional increases will be sought in subsequent years, although the exact dollars are not specified.

R2 TUITION SPENDING AUTHORITY INCREASE: The request is for an additional \$86.0 million in cash funds spending authority for state public institutions’ tuition revenue for FY 2018-19. The increase is proposed to cover base costs and strategic initiatives, given a significant General Fund increase. The request proposes that Long Bill footnotes cap undergraduate resident tuition increases at 3.0 percent, with no restrictions on non-resident or graduate tuition or mandatory fees.

R3 FORT LEWIS NATIVE AMERICAN TUITION WAIVER: The request includes a reduction of \$373,209 General Fund for the Fort Lewis College Native American tuition waiver, bringing the total to \$16,574,985 General Fund for the program. Waiver payments are mandated by Section 23-52-105 (1) (b) (I), C.R.S., which requires the General Assembly to fund 100 percent of the tuition obligations for qualifying Native American students attending Fort Lewis College. Funding for the tuition waiver is made one year in arrears and is calculated based on the prior year enrollment estimates.

R4 EMERGENCY COMPLETION AND RETENTION GRANT: The request includes \$1,500,000 General Fund to create an Emergency Completion and Retention Grant program in FY 2018-19. The grant program would assist students who are progressing in college but who require emergency financial assistance to ensure a minor financial mishap does not keep them from completing. The Department indicates that it believes additional statutory authority would be required for the program.

R5 OCCUPATIONAL CREDENTIAL CAPACITY: The request includes \$5,000,000 General Fund for a new Occupational Credential Capacity Grant Program. The program would enhance the capacity of

community colleges, area technical colleges, local district colleges, and Colorado Mesa University to offer high-demand, high-value career and technical education certificates. The program would use a request for proposal process to allocate funds. Institutions would identify the obstacles to creating/expanding high-demand high-value certificate programs and the proposed solutions. This will enable the Department to ensure the funds are responsive to regional workforce needs and target particular student populations (e.g., concurrent enrollment, underrepresented groups). Legislation will be required to implement the program.

R6 COLORADO OPPORTUNITY SCHOLARSHIP INITIATIVE: The request includes an increase of \$4,000,000 General Fund for the Colorado Opportunity Scholarship Initiative (COSI) Program, bringing total program funding to \$9,000,000 General Fund for FY 2018-19 and future years. This program provides matching funds to leverage community support for scholarships. It also provides grants to non-profit organizations and other entities to deliver wraparound services and other resources students need to be successful. Grantees support students while they are still in high school as well as once they have matriculated to college. Approximately 12,400 students are served in COSI-supported student success programs. The program awards approximately \$7.5 million in scholarship funds annually. If the appropriation is not increased, the program will be forced to spend into its corpus, ratcheting-down support services and scholarships.

HC1 HISTORY COLORADO OIT PAYMENTS: History Colorado requests \$112,207 General Fund to cover escalating Office of Information Technology (OIT) cost increases. The General Fund replaces cash funds otherwise required from the Museum and Preservation Operations Account of the State Historical Fund. This request annualizes to \$204,241 General Fund, and a corresponding cash funds reduction, in FY 2019-20. History Colorado indicates that this will allow the organization to become more sustainable.

AURARIA HIGHER EDUCATION CENTER ADJUSTMENT: The request increases spending authority for the Auraria Higher Education Center by \$1,074,659 for funds received from the institutions operating on the Auraria campus (University of Colorado – Denver, Metropolitan State University of Denver, and the Community College of Denver).

CENTRALLY APPROPRIATED LINE ITEMS: The request includes adjustments to centrally appropriated line items, as detailed in the table below.

CENTRALLY APPROPRIATED LINE ITEMS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Health, life, and dental adjustment	\$307,988	\$99,972	\$117,645	(\$243)	\$90,614
Short-term disability adjustment	735	534	(48)	(264)	513
AED adjustment	54,841	15,751	11,898	1,850	25,342
SAED adjustment	54,841	15,751	11,898	1,850	25,342
Salary survey adjustment	398,081	10,239	209,874	78,666	99,302
Workers' compensation adjustment	11,754	0	(2,880)	14,634	0
Legal services adjustment	3,289	0	(9,675)	12,964	0
ALJ adjustment	(6,686)	0	(6,686)	0	0
Payment to risk management / property funds adjustment	(11,696)	0	(9,446)	(2,250)	0
Leased space adjustment	7,882	0	1,576	6,306	0
Payments to OIT adjustment	(202,022)	0	(160,184)	(41,838)	0
CORE adjustment	27,878	0	20,517	7,361	0

CENTRALLY APPROPRIATED LINE ITEMS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
TOTAL	\$646,885	\$142,247	\$184,489	\$79,036	\$241,113

LEASE PURCHASE PAYMENT ADJUSTMENTS: The request includes adjustments to three lease purchase programs in the Department.

University of Colorado Health Sciences Center at Fitzsimons Lease Purchase: An annual lease-purchase payment for the University of Colorado Health Sciences Center at Fitzsimons was authorized by H.B. 03-1256. The payment is from General Fund and Tobacco Master Settlement Funds. The FY 2017-18 appropriation provided for expenditures from cash fund balances, which were available on a one-time basis. The request substitutes \$2.7 million General Fund for these one-time amounts. The total FY 2018-19 request is for \$14,154,188, including \$8.4 million from the General Fund.

Higher Education Federal Mineral Lease (FML) Revenues Lease Purchase: In 2008, the General Assembly authorized the State to enter into lease-purchase agreements to fund various capital construction projects for state-supported institutions of higher education. Annual payments were to be made from Federal Mineral Lease (FML) revenues that were projected to increase. The FML revenue stream has been inconsistent, and General Fund has therefore been required to backfill the obligation. The payment source varies based on FML revenues available. The FY 2018-19 request is for \$17,685,263, with all but \$1,000,000 of the total coming from the General Fund.

Colorado History Museum Lease Purchase: An annual lease-purchase payment for construction of the new Colorado History Museum was authorized in 2008. The FY 2018-19 request is for \$3,021,860 cash funds from the Operations Account of the State Historical Fund. This includes a technical adjustment to the amount due.

In total, an additional \$3.3 million General Fund is required for Department lease purchase payments in FY 2018-19 based on a decline in available tobacco settlement and federal mineral lease cash fund sources.

LEASE PURCHASE PAYMENTS ADJUSTMENTS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
Lease Purchase Fitzsimons adjustment	(\$107,587)	\$2,692,413	(\$2,800,000)	\$0	\$0
Lease Purchase HED FML Revenues adjustment	524,476	612,238	(700,000)	612,238	0
Lease Purchase CO History Museum adjustment	(99,953)	0	(99,953)	0	0
TOTAL	\$316,936	\$3,304,651	(\$3,599,953)	\$612,238	\$0

CO GEOLOGICAL SURVEY TOTAL COMPENSATION ADJUSTMENTS: The request provides an increase of \$175,741 for total compensation adjustments at the Colorado Geological Survey at the Colorado School of Mines (CGS). This includes amounts for health/life/dental, salary survey, and supplemental payments to the Public Employees Retirement Association. The request provides a 7.0% increase on the base appropriation for CGS.

DEPRECIATION FOR HIGHER EDUCATION CAPITAL PROJECTS: Pursuant to Section 24-30-1310 (2)(b), C.R.S., the request adds an annual depreciation-lease equivalent payment line item for higher education projects funded with the General Fund, Capital Construction Fund, or Controlled Maintenance Trust Fund on or after FY 2015-16. The amount due is based on a building's depreciation schedule. One percent of the project cost is credited to the Controlled Maintenance Trust Fund, and the balance is deposited to the Capital Construction Fund.

WICHE MEMBERSHIP: The request includes an increase of \$4,000 appropriated funds (indirect cost recoveries) to pay for the increase in Western Interstate Commission for Higher Education (WICHE) dues.

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes adjustments for the second- and third-year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize SB 17-258 (Open Ed Resources)	(\$25,000)	(\$25,000)	\$0	\$0	\$0	0.0
Annualize SB 17-193 (Research Center Prevention Substance Abuse Addiction)	(1,000,000)	0	(1,000,000)	0	0	0.0
TOTAL	(\$1,025,000)	(\$25,000)	(\$1,000,000)	\$0	\$0	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes adjustments for the second-year impact of prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize FY 18 WICHE optometry	\$7,500	\$0	\$0	\$7,500	\$0	0.0
Annualize FY 18 HC1 Revitalize community museums	(35,691)	(35,691)	0	0	0	0.0
Annualize prior year salary survey	(207,641)	0	(113,507)	(46,020)	(48,114)	0.0
Annualize merit base pay	(87,245)	0	(46,195)	(20,156)	(20,894)	0.0
TOTAL	(\$332,483)	(\$35,691)	(\$169,108)	(\$58,676)	(\$69,008)	0.0

ISSUE: COLORADO HIGHER EDUCATION MASTER PLAN GOALS

The State has issued a report refreshing its 2012 State Higher Education Master Plan goals. The plan reaffirms the State's earlier goal that 66 percent of the population age 25-34 should have a postsecondary credential or degree by 2025, and highlights the need to erase equity gaps. The State has made little progress since the goals were first established.

SUMMARY

- Projections developed by the Georgetown Center for Education and the Workforce indicate that by 2025, 74 percent of Colorado jobs will require a postsecondary credential or degree.
- The Department of Higher Education recently reaffirmed 2012 state master plan goals that by 2025 66 percent of all Colorado adults will have a postsecondary credential or degree. Consistent with the 2012 goals, the Master Plan also calls for erasing equity gaps (differences in attainment by ethnic group) and improving completion rates for students who start postsecondary education.
- The Department describes its attainment as “aspirational”, but they might be better described as unrealistic, based on progress to-date and the time required for systems to change.
- Since the 2012 state master plan goals were released, the State has made remarkably little progress in achieving educational attainment goals.
 - Educational attainment has increased from 53.5 percent in 2012 to 55 percent in 2017—progress of 1.5 percent over 5 years.
 - The Colorado public higher education sector has not significantly increased its enrollment as a share of the total population for decades.
 - Even after taking into account student transfers among institutions, the completion rate for students who started at a four-year public institution in Colorado in 2010 was 61.6 percent after six years. The completion rate for students who started at a public two-year institution in Colorado was 38.2 percent after six years.
 - In 2011, just over 40 percent of Hispanic students graduating Colorado high schools pursued higher education. By 2015, those figures had increased to 43.6 percent, but remained far below the 61.9 percent for the non-Hispanic white population.
- Large educational systems are slow to change and results take time to see. Since it typically requires 5-6 years for a Colorado student complete a baccalaureate degree, even radical innovations to improve baccalaureate completion rates adopted in 2013 might not be evident until 2018 or 2019. Achieving any notable additional change by 2025 would require immediate action.
- The State Master Plan highlights various areas in which the State is working to achieve State objectives, and the Department's budget request incorporates elements consistent with State goals. However, if the State is serious about master plan goals, it will need significant new strategies.

RECOMMENDATION

The Committee should explore with the Department the value of the “aspirational” goals and how it expects to make real progress on these goals given the State's poor performance since the Master Plan was first adopted in 2012. Is there anything that can really be done to “move the needle”? Do we need more significant changes to our education system to get there? What types of degrees and credentials

are really needed? The Committee should encourage the Department to continue to improve its Master Plan website so that it more effectively shows institutions' progress against goals.

DISCUSSION

COLORADO RISES: REFRESHING THE STATE MASTER PLAN

In August 2017, the Department released *Colorado Rises: Advancing Education and Talent Development*. This Higher Education Master Plan is a “refresh” of the Department’s 2012 Master Plan, *Colorado Completes*, which was completed pursuant to Section 23-1-108 (1.5), C.R.S. While the report is new, the goals are largely unchanged from the 2012 version.

- 1 **INCREASE CREDENTIAL COMPLETION:** By 2025, increase the percentage of the adult population with a postsecondary certificate or degree to **66 percent**, from the current 55 percent. By 2020, nearly three-quarters of jobs in Colorado will require some level of education beyond a high school diploma. The public system produced approximately 48,850 credentials in the 2016-17. The Department projects that institutions would need to produce an additional 9,200 certificates and degrees each year *beyond* natural growth of 4.5 percent per year to achieve the 2025 goal.

In 2012 the State’s goal was that 66 percent of the adult population between ages 25 and 34 would have a postsecondary credential by 2012. At the time, 51 percent of the adult population had a degree or certificate, and the Department estimated a need for 1,000 additional certificates and degrees each year beyond natural growth to achieve the goal.

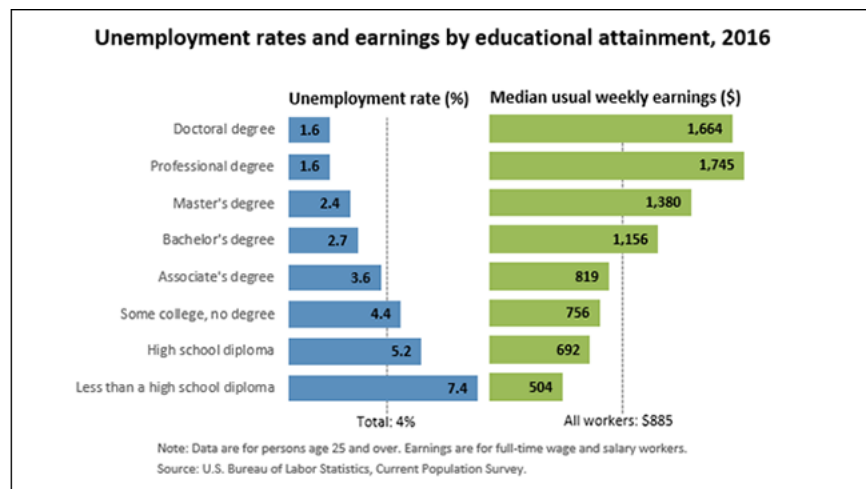
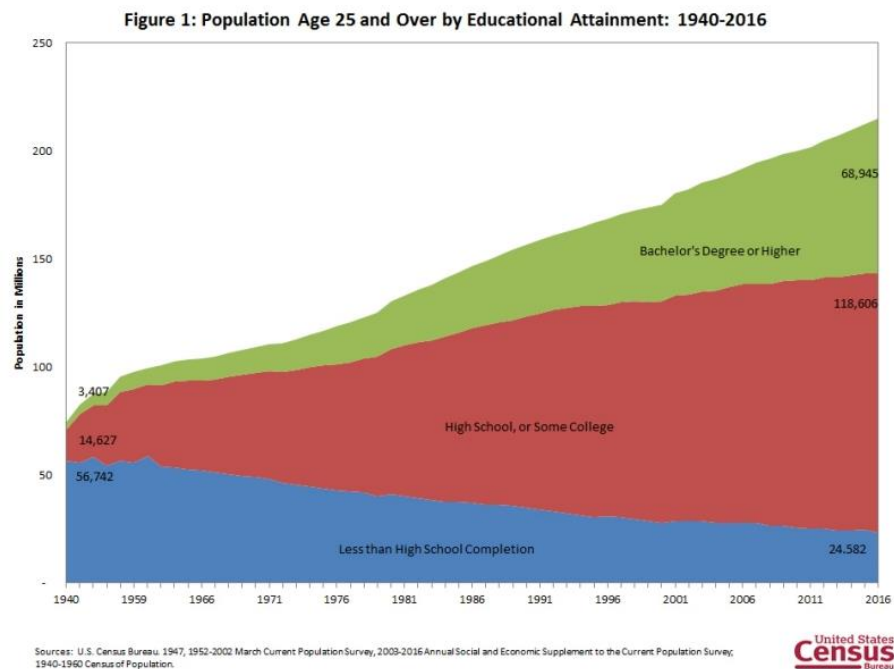
- 2 **ERASE EQUITY GAPS:** By 2025, eliminate the gap between the educational attainment of the white majority and other racial and ethnic groups. The gap between the educational attainment of the white majority and the Hispanic minority is the second largest in the nation, behind only California. The postsecondary attainment rate for Hispanic students is currently 29 percent, compared to 64 percent for non-Hispanic whites. The goal is to increase Hispanic attainment and that of other minority groups to 66 percent.

In 2012, the State had a similar goal of reducing attainment gaps for low-income students and students from underserved communities. In FY 2009-10, the credential attainment rate for Hispanics was 18 percent, while the attainment rate for non-Hispanic whites was 53 percent.

- 3 **IMPROVE STUDENT SUCCESS:** Only about half of students who enroll in a public postsecondary institution complete within 150 percent time (6 years for a 4-year degree or 3 years for a 2-year degree). The Department’s goal is to increase persistence and retention and decrease time to degree (no specific targets identified). The goal in 2012 was similar (and equally non-specific).
- 4 **INVEST IN AFFORDABILITY AND INNOVATION:** In 2000, the State funded two-thirds of a student’s cost of higher education, while the student was responsible for one-third. By 2016, that ratio had flipped. The plan emphasizes the need for increased state investment in higher education. The goal in 2012 was virtually identical.

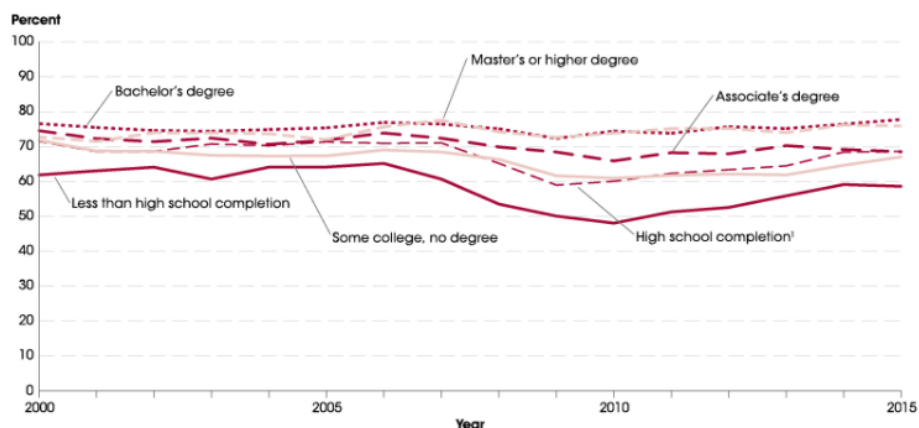
REASON FOR A MASTER PLAN: EDUCATIONAL ATTAINMENT AND EARNINGS

Educational attainment in the United States has increased significantly over the last century, as shown in the chart below. This educational trend aligns with changes in employers' demands and expectations. People with less education are now far more likely to be unemployed, and earnings for those with less education have been falling for much of the last 15 years.



Source: U.S. Department of Labor, Bureau of Labor Statistics, Employment Projections.
https://www.bls.gov/emp/ep_chart_001.htm

Figure 1. Percentage of the labor force ages 25–34 who worked full time, year round, by educational attainment: 2000–2015

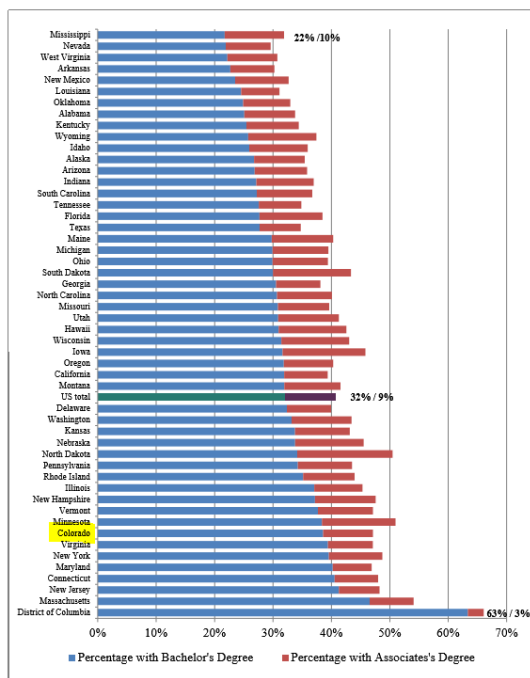


¹ Includes equivalency credentials, such as the GED credential.
 NOTE: Data are based on sample surveys of the noninstitutionalized population, which excludes persons living in institutions (e.g., prisons or nursing facilities) and military barracks. Full-time, year-round workers are those who worked 35 or more hours per week for 50 or more weeks per year.
 SOURCE: U.S. Department of Commerce, Census Bureau, Current Population Survey (CPS), "Annual Social and Economic Supplement," 2001–2016; and previously unpublished tabulations. See *Digest of Education Statistics 2016*, [table 502.30](#).

Source: National Center for Education Statistics, *The Condition of Education*, 2017.

Colorado has long had one of the highest rates of educational attainment in the United States, as shown in the chart.

Figure 1. Percentage of Adults Between 25 and 44 Years Old With a Bachelor's Degree or Higher and With Any Postsecondary Degree by State, 2009–13



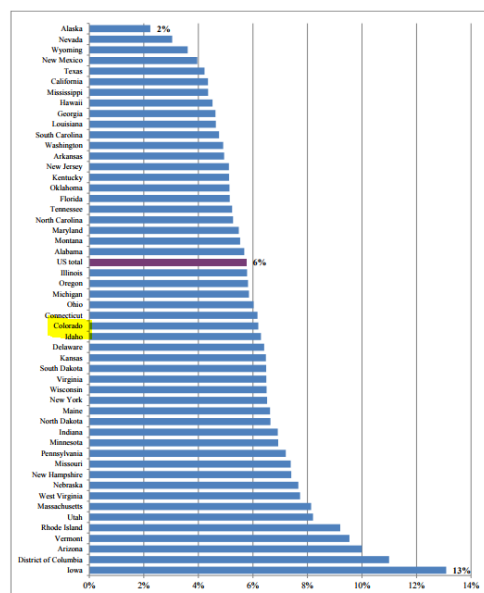
Note: The blue segments of the bars represent bachelor's degrees. The red segments represent associate's degrees. The combination of the two segments represents all postsecondary degrees. These totals do not include postsecondary certificates. Source: 2009–2013 5-Year American Community Survey (U.S. Census Bureau 2014a).

Source: Sandy Baum et. al., Educational Attainment: Understanding the Data, Graduate School of Education and Human Development, The George Washington University, April 2015.
https://gsehd.gwu.edu/sites/default/files/documents/Educational_Attainment_FINAL_Report_4.27.pdf

Most of this well-educated population is imported. About 70 percent of Colorado’s adult population was born outside the State, and thus the majority of the population—both educated and not—was born elsewhere. There is no “Colorado Paradox”—educated people are more likely than less educated people to move, so people born in a state are less educated, on average, than those who come from out-of-state. Nonetheless, **Colorado is unlikely to retain its position as a well-educated state if it does not make adequate progress in educating its own citizens.**

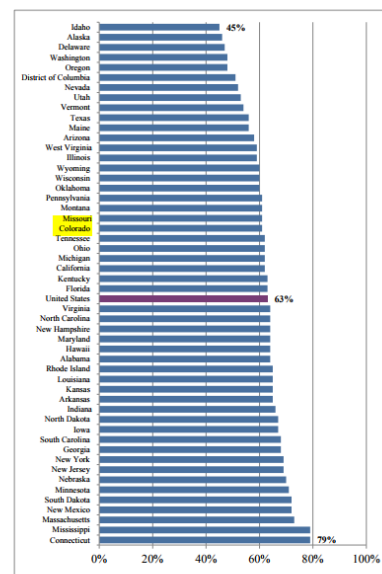
- Colorado is below the national average for the percentage of high school students enrolling in a degree granting institution.
- It also produces fewer degrees than might be imagined, in light of educational attainment levels.

Figure 2. Bachelor's Degrees Conferred as a Percentage of Individuals Between 18 and 24 Years Old by State, 2009-13



Note: Data are for postsecondary institutions participating in Title IV federal financial aid programs. Sources: IPEDS Completions Component 2011-12 (NCES 2013d); 2009-2013 5-Year American Community Survey (U.S. Census Bureau 2014a).

Figure 3. Percentage of 2009–10 High School Graduates Enrolling in Degree-Granting Institutions in 2010 by State



Note: Data include institutions that grant associate's degrees or higher and participate in Title IV federal financial aid programs. Includes all U.S. resident students living in a particular state when admitted to an institution in any state, not just in their home state. Total includes public high school graduates for 2009–10 and private high school graduates for 2008–09. Sources: Digest of Education Statistics 2012 (National Center for Education Statistics 2013a). Original data derived from NCES Common Core of Data State Dropout and Completion Data File 2009-10 (NCES 2010a); Private School Universe Survey (PSS) 2009-10 (NCES 2010b); and the Integrated Postsecondary Education Data System (IPEDS) Spring 2011 Enrollment Component (NCES 2011).

Source: Sandy Baum et. al., Educational Attainment: Understanding the Data, Graduate School of Education and Human Development, The George Washington University, April 2015.

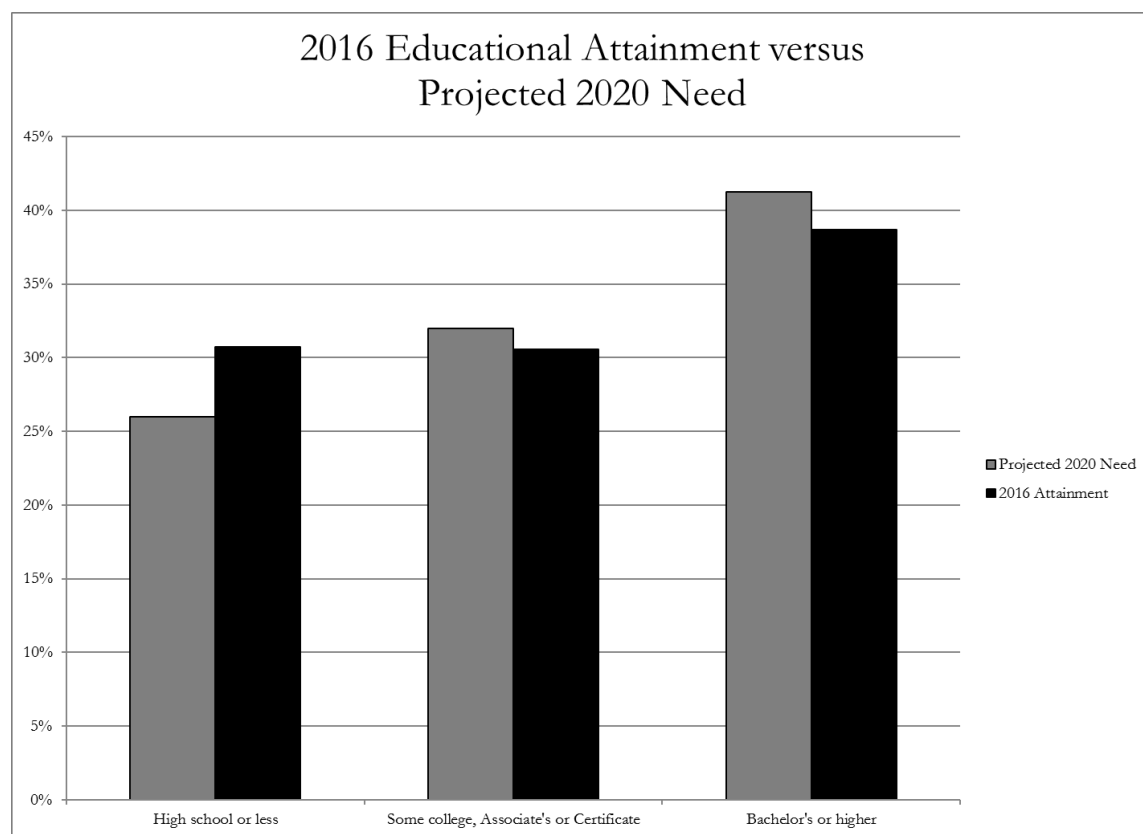
WORKFORCE NEEDS AND STATE GOALS

Both the 2012 and 2017 versions of the Master Plan were heavily informed by research by the Georgetown Public Policy Institute, Center on Education and the Workforce that projected the education level required for projected job openings in Colorado and other states as of 2020. Based on this work, both the State Master Plan and the Talent Pipeline have cited a need for substantial increases in credential production at state higher education institutions.

COLORADO: COMPARISON OF EDUCATIONAL NEEDS FOR PROJECTED JOB OPENINGS AND 2016 EDUCATIONAL ATTAINMENT				
	GEORGETOWN CENTER ON EDUCATION AND THE WORKFORCE: PROJECTED JOB OPENINGS IN CO 2020	DISTRIBUTION	2016 EDUCATIONAL ATTAINMENT - POPULATION AGE 25 AND OVER	DISTRIBUTION
Less than HS	67,000	7%	323,691	9%
HS Graduate	201,000	20%	780,033	22%
Some College, no Degree*	226,000	23%	795,294	22%
Associates	84,000	9%	301,602	8%
Bachelor's	282,000	29%	874,953	24%
Grad or professional	124,000	13%	514,777	14%
Total	984,000		3,590,350	

*Georgetown—and the Department—assume that about one-quarter of the individuals in this category or about 6.0 percent of the population, have certification of some kind, as this data is not collected by the Census Bureau.

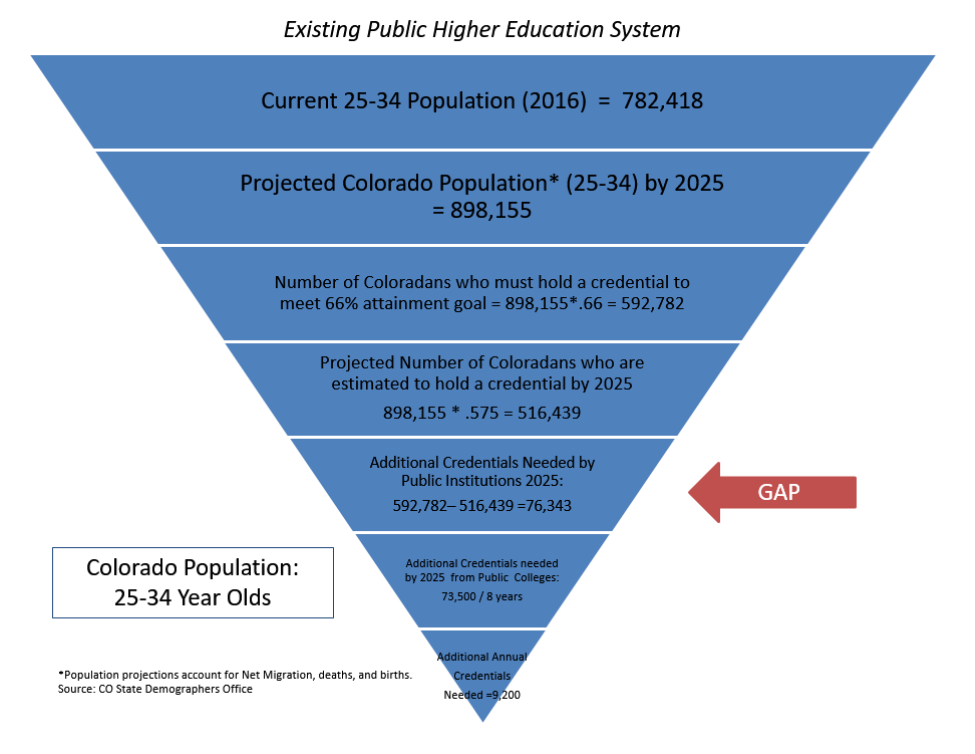
Grouped together, these data suggest a need for increased educational attainment.



How the analysis translates into a need for specific credential production is more nebulous, particularly as state and national educational attainment surveys do not identify “certificates”, the length and value of certificates varies substantially, and credentials attained do not translate directly into people in the workforce. Nonetheless, **the Department has attempted to make such a translation**, using an approach shaped by the Lumina Foundation’s efforts in this area.

After taking into consideration the portion of the population (about 70 percent) that is in the workforce and various other factors, **the Colorado Commission on Higher Education established 66 percent credential attainment for those age 25-34 as the number that would be needed to meet Georgetown estimates of workforce needs** (about 74 percent of openings requiring some postsecondary education). **The figure is based on a number of assumptions** and was deliberately set to be higher than the 60 percent figure pushed nationwide by the Lumina Foundation, on the grounds that Colorado has both a more educated population and a higher demand for educated people among employers.

On this basis, Colorado has attempted to set targets for degree and certificate production by state higher education institutions. Notably, the targets are based on individuals age 25-34. If the calculation is based on the entire population, the calculation balloons to a deficit of over 432,000 credentials.

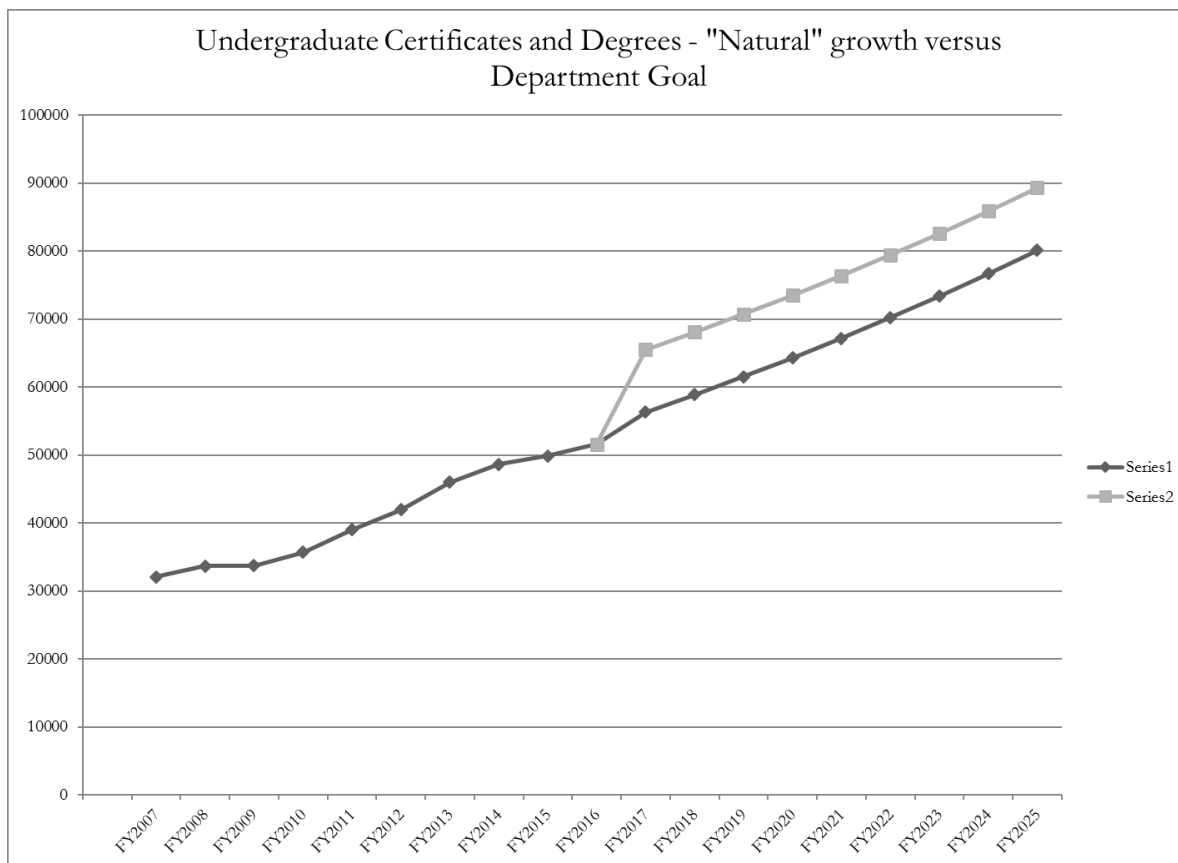


The following chart shows the Department's assessment of educational attainment since the Master Plan was adopted, its projections under current growth trends, and its goals. **As can be seen, the Department has missed its targets thus far.** Its calculations indicated a goal of 58.4 percent by 2017 if it were on-target. Instead, actual degrees earned have moved just 1.5 percent over the 2012 baseline of 53.5 percent to 55.0 percent.

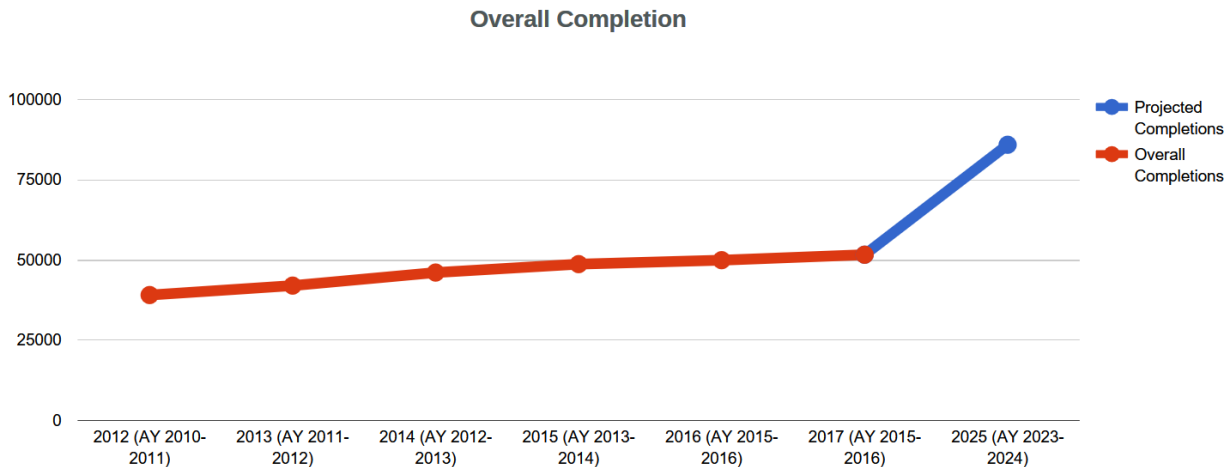
Colorado Educational Attainment Goal and Trend: Share of Population with Postsecondary Credential or Degree

	BASELINE	PROGRESS		CURRENT	PROJECTIONS				GOAL
	2012*	2014	2016	2017	2018	2020	2022	2024	2025
GETTING TO THE GOAL Targets to reach 66% attainment by 2025	53.5%	55.4%	57.4%	58.4%	59.3%	61.2%	63.2%	65.1%	66.0%
CURRENT TRENDS Expected % of credential holders at the current trend rate	53.5%	54.1%	54.7%	55.0%	55.3%	55.9%	56.6%	57.2%	57.5%

To achieve the educational attainment levels and address workforce needs, one key strategy is to increase credential attainment at public higher education institutions. The Department has estimated that to achieve its educational attainment goals, the number of *undergraduate* degrees and certificates awarded in the State would need to increase from an estimated 65,536 in 2017, to 89,316 in 2025. In light of “natural growth” of about 4.5 percent already, the Department has suggested that State higher education institutions would need to add an additional 9,200 undergraduate degrees a year beyond this 4.5 percent growth rate.



The Department’s Higher Education performance website now shows the following chart, which demonstrates the striking change in rate of credential growth that would be required to meet the 2025 goals.



The jump reflected in this chart is not realistic, which has been acknowledged by the Department in calling its goals “aspirational”.

One way to achieve a jump of this kind would be to “proliferate certificates”. For example, provide certification for a first six months of training instead of only providing it once the full year is completed. *Staff is concerned that too much emphasis on “producing certification” could drive a numbers game in which the “count” of new certificates is increased without any real extension in individual’s skills.*

In recent years, there has been an increased emphasis on producing degrees rather than simply counting enrollment. There has been a similar trend toward assessing student skills rather than counting classroom hours. This includes an increased focus on “stackable certificates” and credit for prior learning. **This redirection could have many real benefits for students, if it is firmly focused on skill development. However, the State must be careful that it fosters real education, and institutions are not encouraged to simply print paper for its own sake.**

Setting aside such questionable approaches, the options seem to include:

- 1 Increase enrollment:
- 2 Improve “efficiency to degree”, i.e., see if it is possible to assist students to complete educations more quickly.
- 3 Add more certificates based on students’ learning real skills.

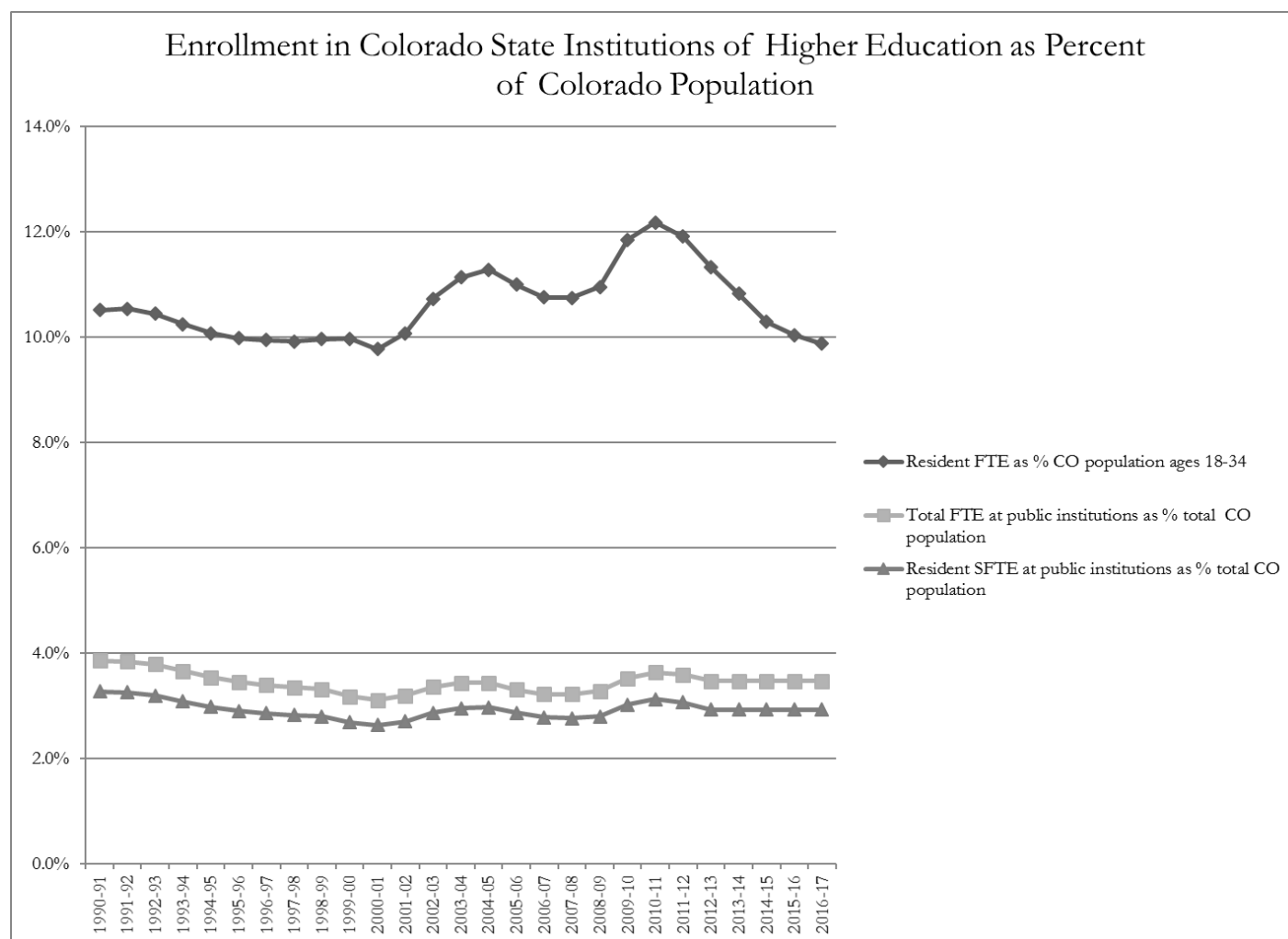
How has the State done in these areas thus far?

Enrollment in State Institutions – Long Term Trends

Looking at data from the early 1990s onward, **Colorado state institutions have made surprisingly little progress in increasing the share of the State population they enroll.** Higher education enrollment generally runs counter-cyclical to the economy, so enrollment declined in the 1990s, as the economy improved, and “bumped up” for the recession of the early 2000s and the Great Recession. Yet even taking this into account:

- Enrollment highs: With respect to total population, the higher education enrollment peaks in the early 1990s (when unemployment was fairly high) was *above* the Great Recession peaks.

- Enrollment lows: The share of the 18-34 year old adult resident population enrolled in state higher education institutions in FY 2016-2017 is almost identical to enrollment in the early 2000s, when unemployment was likewise low.



The table below provides more recent data on Colorado high school graduates, the “traditional” college age population. As shown, a significant portion of high school graduates (13.4 percent of the 2015 high school class of 53,128) pursues college out-of-state. At the same time, state public institutions have also been enrolling more students from out-of-state. How much the net flow of students in and out of the state for higher education is a benefit or a problem for the State is not entirely clear. What is clear: **a large share of high school graduates are NOT enrolling in postsecondary education upon graduation, and the State has made essentially no progress improving these figures since the release of the Higher Education Master Plan in 2012.**

Colorado High School Graduates' College Enrollment

Table 2. In-State and Out-of-State Enrollment Summary

High School Graduation Year	% HS Graduates Enrolling at In-State College	% HS Graduates Enrolling at Out-of-State College	% HS Graduates Not Enrolled
2015	43.1%	13.4%	43.5%
2014	42.5%	13.3%	44.2%
2013	42.9%	12.4%	44.7%
2012	44.4%	12.5%	43.0%
2011	45.2%	12.2%	42.6%
2010	45.9%	12.0%	42.1%
2009	47.4%	11.4%	41.2%

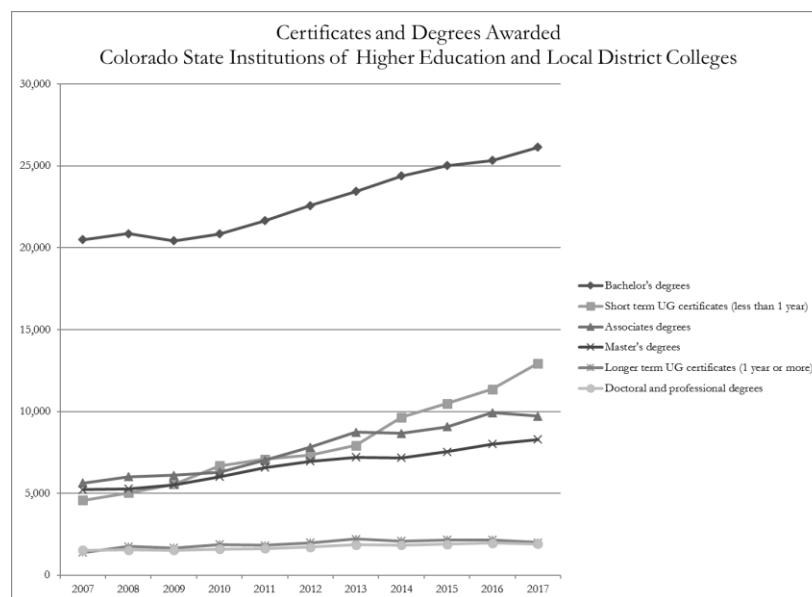
Source: 2017 Legislative Report on the Postsecondary Progress and Success of High School Graduates, Colorado Department of Higher Education, March 3, 2017.

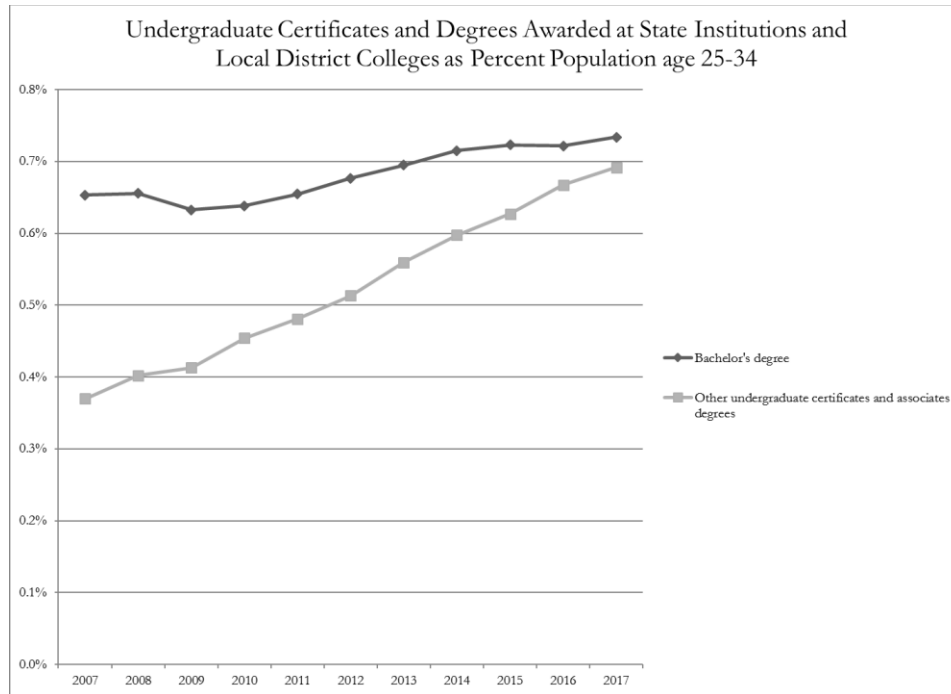
https://higher.ed.colorado.gov/Publications/Reports/Legislative/PostSecondary/2017_Postsecondary_Progress_rel20170303.pdf

Post-secondary Completion Trends

The chart below shows growth in degrees and certificates awarded by state institutions and local district colleges by category of degree. The subsequent chart shows bachelor's degrees versus associate's degrees and certificates as a share of the state population ages 25-34, since those are the focus of state master plan calculations.

As shown in these charts, Colorado **has** greatly increased the number of degrees and certificates produced—and the vast majority of this growth has been in the area of *short-term certificates*. These certificates may be valuable, but if the number of certificates continues to increase rapidly without additional increases in enrollment, the State will need to question what these certifications actually represent. *Is the State comfortable that it is able to separate “high value” certificates from low ones?*





ERASING EQUITY GAPS

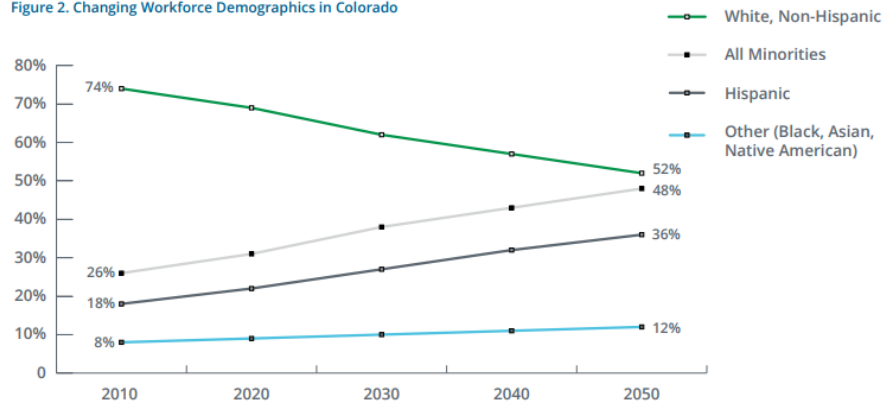
The Master Plan highlights the need to address low levels higher education participation and completion for underrepresented minorities--Hispanic, African American, and Native American students—and for low-income students generally. The gaps are disturbing.

COLORADO EDUCATIONAL ATTAINMENT BY RACE 2016					
	NON-HISPANIC WHITE	ASIAN	HISPANIC	BLACK	NATIVE AMERICAN
HS graduate or higher	96%	86%	70%	89%	82%
Bachelor's degree or higher	45%	50%	14%	24%	18%

Source: American Community Survey Data reported in American Factfinder, U.S. Census Bureau.
<https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>

As policymakers are aware, the relative share of the population that is minority, and particularly Hispanic, is projected to grow significantly over the next 30 years, while the share of the population that is non-Hispanic white gradually declines. Thus, if the State is unable to increase educational participation and attainment of minority populations, the State's overall educational attainment level will decline.

Figure 2. Changing Workforce Demographics in Colorado

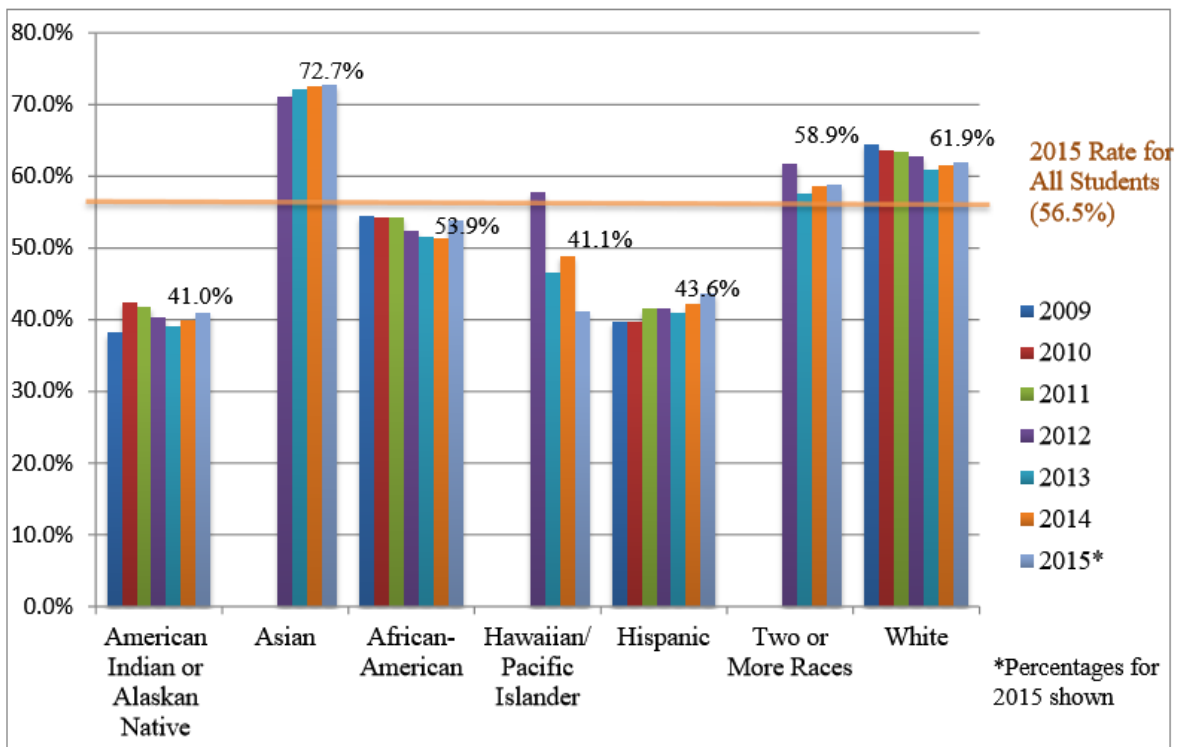


Source: Based on Colorado State Demographer's population projections

https://www.colorado.gov/pacific/sites/default/files/17-0109_2016_CO_Talent_Pipeline_Report_1.pdf

The following chart reflects the postsecondary enrollment of Colorado high school graduates in the year following graduation. As shown, while enrollment rates have been increasing, particularly for Latino students, the enrollment gap remains significant.

Figure 1. Enrollment Rates by Race/Ethnicity, 2009-2015



Note: New racial/ethnicity categories have been added to comply with state and federal reporting standards. Data and comparisons for Asian students, Hawaiian/Pacific Islander students and students of Two or More Races are not available prior to 2012.

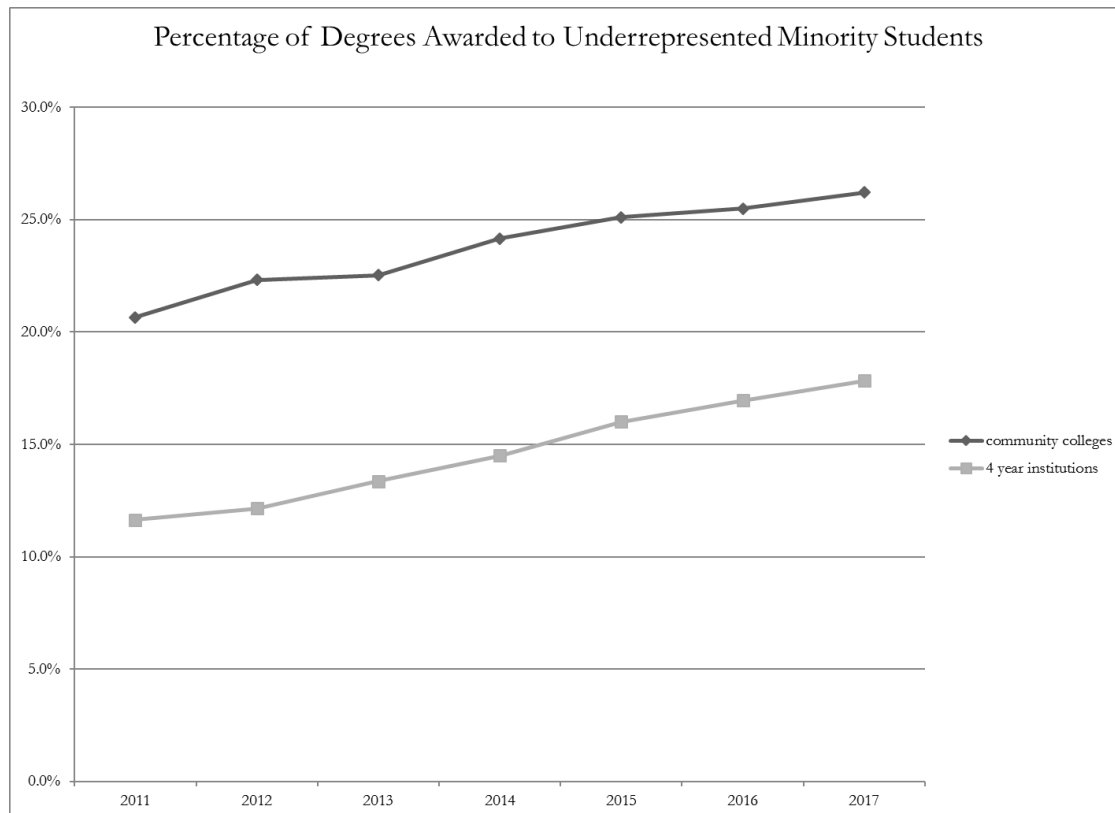
Source: 2017 *Legislative Report on the postsecondary Progress and Success of High School Graduates*, Colorado Department of Higher Education, March 3, 2017.

https://higher.ed.colorado.gov/Publications/Reports/Legislative/PostSecondary/2017_Postsecondary_Progress_rel20170303.pdf

Institutions have made progress since the 2012 master plan was introduced, but participation and degrees awarded in higher education for these groups is still disproportionately low.

- **As of 2016, 28.2 percent of the state population was comprised of “underrepresented minorities”:** Latinos (21.3 percent), African Americans (4.5 percent), American Indian, and Alaska Natives (1.6 percent).
- **As of 2017, just 20.9 percent of degrees went to these groups.** This included about 26.7 percent of degrees and certificates awarded at community, but only 17.8 of undergraduate degrees at four-year institutions.

As shown below, there has been progress, but not enough to address attainment gaps, particularly for four-year institutions.



The Department’s goals, as outlined in the Master Plan:

Increase the age 25-34 credential attainment:

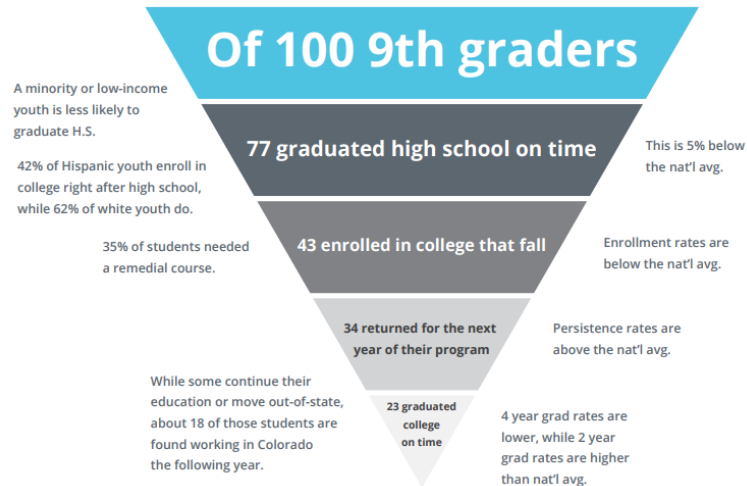
- Of the Hispanic population: from 29 percent in 2017 to 66 percent by 2025
- Of the African American population: from 39 percent to 66 percent
- Of the Native American population: from 29 percent to 66 percent

Given the State’s modest progress to-date, **these equity goals are likewise clearly aspirational, rather than realistic.**

STUDENT SUCCESS – RETENTION AND COMPLETION

The Master Plan highlights the State’s stubborn challenges in moving students through the traditional educational “pipeline”. The State’s *Talent Pipeline* report also highlights the issue. Students may be successful following less-traditional pathways, and Colorado’s picture is not wildly different from that off other states. Nonetheless, few students actually proceed through the traditional educational process in the timeframes envisioned by our systems.

Figure 8. The K-12 - College Talent Pipeline in Colorado



https://www.colorado.gov/pacific/sites/default/files/17-0109_2016_CO_Talent_Pipeline_Report_1.pdf

Some of the most common measures of higher education success address *retention* from freshman to sophomore year for first-time full-time students, and *completion* of this same cohort of students with a given period. The Department’s Master Plan website includes fall-to-fall retention rates for each of the institutions, as shown in the table below.

COLORADO INSTITUTION OF HIGHER EDUCATION	FALL TO FALL, ONE YEAR RETENTION
Adams State University	54.4%
Aims Community College	55.8%
Arapahoe Community College	58.7%
Colorado Mesa University	63.9%
Colorado Mountain College	51.7%
Colorado Northwestern Community College	54.7%
Colorado School of Mines	94.1%
Colorado State University	85.0%
Colorado State University - Pueblo	64.3%
Community College of Aurora	56.0%
Community College of Denver	49.4%
Emily Griffith Technical College	86.0%

COLORADO INSTITUTION OF HIGHER EDUCATION	FALL TO FALL, ONE YEAR RETENTION
Fort Lewis College	62.6%
Front Range Community College	56.3%
Lamar Community College	59.1%
Metropolitan State University of Denver	69.9%
Morgan Community College	63.2%
Northeastern Junior College	55.2%
Otero Junior College	49.5%
Pickens Technical College	83.0%
Pikes Peak Community College	49.9%
Pueblo Community College	51.6%
Red Rocks Community College	57.9%
Technical College of the Rockies	96.0%
Trinidad State Junior College	62.2%
University of Colorado Boulder	85.5%
University of Colorado Colorado Springs	67.6%
University of Colorado Denver	68.0%
University of Northern Colorado	71.5%
Western State Colorado University	69.1%

<http://masterplan.highered.colorado.gov/dashboard/#masterplan>

The website does not include data on the other typical measure of institutional success: 4 year and six year graduation rates for students starting as first-time freshmen. It focuses instead on numbers of credentials produced by each institution. This is consistent with the focus on credential production.

Credential production is derived by students who transfer into an institution, as well as students who start at the institution. Nonetheless, a significant driver of credential production is the number of students who complete degrees at the institution where they started in a timely manner. Forty years ago, students entering a four-year program were expected to complete in four years. In 1972, 58 percent of BA degree recipients graduated within four years, but for the 1992 high school cohort only 44 percent did so.¹ Of the 2006 starting cohort, about 39 percent completed within 4 years.²

Most national data now focuses on six-year graduation rates for first-time freshmen at four-year institutions, because time-to-degree has lengthened greatly. Four and six- and *eight-year* graduation rates at state four-year institutions are shown below.

¹ Bound, Lovenheim and Turner, Increasing Time to Baccalaureate Degree in the United States, National Bureau of Economic Research, April 2010. <http://www.nber.org/papers/w15892.pdf>

² Digest of Education Statistics, Table 326.10, National Center for Education Statistics http://nces.ed.gov/programs/digest/d13/tables/dt13_326.10.asp

INSTITUTION NAME	BACHELOR'S DEGREE 4-YEAR GRADUATION RATE, 2007 COHORT	BACHELOR'S DEGREE 6-YEAR GRADUATION RATE, 2007 COHORT	BACHELOR'S DEGREE 8-YEAR GRADUATION RATE, 2007 COHORT
Adams State University	12	25	28
Colorado Mesa University	13	33	35
Colorado School of Mines	41	70	72
Colorado State University-Fort Collins	37	64	66
Colorado State University-Pueblo	18	33	36
Fort Lewis College	17	37	40
Metropolitan State University of Denver	6	26	34
University of Colorado Boulder	44	70	72
University of Colorado Colorado Springs	26	46	49
University of Colorado Denver/Anschutz Medical Campus	16	41	45
University of Northern Colorado	27	46	48
Western State Colorado University	23	42	44

Source: IPEDS, National Center for Education Statistics

<https://nces.ed.gov/ipeds/datacenter/Expt/Output.aspx?view=data>

The chart below shows graduation rates at the state's two-year institutions after two, three, and four years.

INSTITUTION NAME	GRADUATION RATE WITHIN NORMAL TIME, 2011 COHORT	GRADUATION RATE WITHIN 150% OF NORMAL TIME, 2011 COHORT	GRADUATION RATE WITHIN 200% OF NORMAL TIME, 2011 COHORT
Aims Community College	24	25	28
Arapahoe Community College	10	18	24
Colorado Northwestern Community College	25	30	32
Community College of Aurora	12	18	27
Community College of Denver	4	10	14
Front Range Community College	10	20	25
Lamar Community College	29	32	32
Morgan Community College	25	28	34
Northeastern Junior College	22	30	31
Otero Junior College	32	36	37
Pikes Peak Community College	7	12	15
Pueblo Community College	12	19	25
Red Rocks Community College	17	26	30
Trinidad State Junior College	35	40	44

About one-third of students transfer in the course of their educational career. According to the National Student Clearinghouse Research Center taking into account the large amount of transfers by students among institutions both in and out of state:³

- The completion rate for students who started at a **four-year public institution** in Colorado in 2010 was **61.6 percent** after six years, with 24.7 percent not completing at any institution, and the remainder still enrolled.
- The completion rate for students who started at a public **two-year institution** in Colorado was **38.2 percent** after six years. At that point, 13.7 percent had completed a four-year degree and 24.5 percent had completed a two-year degree. Nearly half of students (48.5 percent) had not completed after six years.

These figures are very similar to national averages and highlight the significant challenges facing both in Colorado and in other states in ensuring investments in postsecondary education yield the desired results.

STATE INITIATIVES

The Master Plan highlights a variety of areas in which the State has made progress and continues to work.

- **Concurrent enrollment.** The report highlights the potential for concurrent enrollment in high school and college to help move students more efficiently through the educational pipeline. In 2009-10 there were 15,085 high school students concurrently enrolled in Colorado postsecondary institutions. By FY 2014-15, that figure was 38,519—an immense growth rate.
- **Remediation.** The Master Plan cites a US Department of Education study that 58 percent of students who do not require remediation earn a bachelor's degree compared to only 17 percent enrolled in remedial reading and 27 percent of students enrolled in remedial math. In 2016, 36 percent of high school graduates entering a Colorado institution of higher education were identified as needing remedial course. The report highlights the addition of supplemental academic instruction courses and co-requisite remediation as an area in which the State is working to help reduce student drop-out related to remediation.
- **Transfer.** The report notes that one-third of students transfer and recognizes that transfer can result in lost credits, duplication of coursework, and increased time-to-degree. The report highlights the State's gtPathways (transferrable courses) as the core of State efforts to address this.

³ Shapiro, D et. Al., Completing College: A State Level View of Student Attainment Rates, (Signature Report No. 12 a), National Student Clearinghouse Research Center, March, 2017
<https://nscresearchcenter.org/signaturereport12-statesupplement/>

OTHER ISSUES: TYPES OF DEGREES AND CERTIFICATES

The Department's Master Plan focuses on a goal for **total** credential attainment for the State: 66 percent of the 25-34 year old population with an undergraduate credential degree by 2025. While that may be a useful organizing talking-point, this masks the **huge variation in types of credentials** that might be valuable from a workforce perspective. The chart below shows the job opening projections that have served as the basis for the State's educational attainment and credential production goals. As can be seen, while about 73 percent of projected jobs are anticipated to require education beyond high school a large portion of those jobs do not require a baccalaureate degree but rather "some college" such as a technical credential or associates degree.

Colorado Projected Job Openings 2020

OCCUPATION	JOB OPENINGS BY OCCUPATION AND EDUCATION LEVEL (IN THOUSANDS)					
	Less than high school	High school diploma	Some college/ no degree	Associate's degree	Bachelor's degree	Master's degree or better
Managerial and Professional Office	2	14	31	11	73	35
STEM	0	3	9	4	27	14
Social Sciences	0	0	0	0	2	4
Community Services and Arts	0	3	8	3	28	11
Education	0	1	4	2	20	25
Healthcare Professional and Technical	0	1	5	9	15	14
Healthcare Support	1	5	7	5	2	1
Food and Personal Services	25	50	43	13	29	4
Sales and Office Support	10	64	77	23	71	14
Blue Collar	28	60	42	14	14	2
TOTAL	67	201	226	84	282	124
Share of Job Openings	6.8%	20.4%	23.0%	8.5%	28.7%	12.6%
	27.2%		31.5%		41.3%	
	High school or less		Some college/associates		Bachelors or higher	

Source: Carnevale, Smith, and Strohl, Recovery: Projections of Jobs and Education Requirements through 2020 (Colorado-Recovery section), Georgetown Public Policy Institute, Center on Education and the Workforce, June 2013.

Colorado's current public postsecondary educational system and postsecondary educational expenditures are heavily weighted toward four-year institutions, most of which offer only four-year degrees or higher. It is worth considering whether this represents the right mix. There is an increasing emphasis nationally on new kinds of shorter-term credentials and "badges".

In response to staff questions, the Department provided the following comparison of the actual distribution of degrees awarded and the distribution of need indicated by the Georgetown workforce analyses. This suggests that focusing on a gross "credential and degree" figure may mask where State efforts should focus.

2014 Actual Degree Distribution:



Georgetown Degree Distribution based upon Projected Job Needs



- Some shorter-term certificates generate significantly more money for a student than some 4-year liberal arts degrees. For example, based on data collected in the Launch My Career Colorado website (link below):
 - A student earning a bachelor's degree in English at CU Boulder can expect first year wages of just \$23,571 and top future earnings, after about 15 years, of about \$58,081 per year for a degree costing \$92,633.
 - A student earning certification in welding at Front Range Community College can expect first year wages of \$35,148 and mid-career wages of \$78,702 for a certificate costing \$6,842.
- At the same time, without sufficiently clear standards for what constitutes a valuable certificate, it might be quite easy to “generate many new certificate holders without in fact providing anything of real value (i.e., useful training) to the individuals obtaining the certificates.

RESOURCES AND TOOLS FOR FURTHER EXPLORATION

As required by S.B. 17-267, the Department has launched website showing its progress toward state master plan goals. This may be accessed at:

<http://masterplan.highered.colorado.gov/dashboard/#masterplan>

Staff is pleased to see this website, and feels it is a step in the right direction. However, it needs further work to show the extent to which institutions (and the State as a whole) have and have not achieved targets so far. In particular, *the website shows information on total completions and completions by race and ethnicity and Pell-status for each institution, but it does not provide any context to help the viewer understand whether those results are good, bad or indifferent.*

The following website provides a wealth of information on the higher education institutions, the degrees offered and the debt and earnings students can expect from various career paths and degrees, including anticipated “return on investment”:

<https://launchmycareercolorado.org/>

ISSUE: DEPARTMENT REQUESTS R1 AND R2 – GENERAL FUND AND TUITION INCREASES

SUMMARY

- R1 is the Department's primary request for changes to General Fund support. This year's request includes an 8.5 percent General Fund increase for the higher education governing boards, distributed through the higher education funding model, and an associated adjustment to financial aid.
- R2 is the Department's primary request for tuition spending authority for the state governing boards. This year's request would restrict tuition increases to 3.0 percent, in light of the proposed General Fund increase in R1.
- The overall structure of the request is very similar to the approach used for the last two years. The significant differences include:

Size: The requested General Fund increase is far larger than the FY 2015-16 adjustment (a proposed cut that was ultimately enacted as flat funding) or the FY 2016-17 adjustment of 2.5 percent. The Department has also included annualization, indicating a proposed further increase of 7.6 percent in FY 2019-20. Associated with this, the proposed tuition adjustment is significantly smaller (3.0 percent instead of approximately 6.0 percent in FY 2017-18)

Adjustments to the funding model: The Department has included adjustments to reward institutions for serving Pell-eligible (low-income) students. This includes increases for Pell students enrolled and Pell students who complete at an institution.

- Finally, consistent with prior years, the Department proposes to use its "cost matrix" as the basis for capping institutional tuition at 3.0 percent. **In the absence of enrollment changes, the model would allow for an overall increase in revenue (tuition +GF) per resident student of 4.9 percent.**

RECOMMENDATION

- To the extent the General Assembly's finances allow, staff supports the proposal to increase funding for the governing boards. Such increases must be tied to lower tuition. Though additional analysis will be needed, tuition increases should not exceed the requested 3.0 percent and could potentially be further restricted.
- Staff supports the proposed increase in funding for Pell students and continued efforts to align the model with state Master Plan goals, including a plan to add-in a component for students who are first in their families to attend college in future years.
- The funding model is "clunky" and hard to manipulate. The Department is again working with a contractor on a Tableau tool. Staff hopes to work with Department staff on changes to make the model easier to use and its results more transparent. Staff is also interested in moving the current budget data books into a database format, so it is easier to track cost drivers over time.

DISCUSSION

OVERVIEW OF DEPARTMENT GENERAL FUND AND REQUEST R1

The table below provides a summary of the Department's request.

DEPARTMENT OF HIGHER EDUCATION OPERATING BUDGET: REQUESTED GENERAL FUND APPROPRIATIONS CHANGES BY CATEGORY AND GOVERNING BOARD FY 2017-18 TO FY 2018-19					
Governing Boards/Institutions ¹	FY 2017-18 ENACTED	FY 2018-19 REQUEST	AMOUNT CHANGE	PERCENT CHANGE	REQUEST TYPE
Adams State University	\$14,259,963	\$14,775,167	\$515,204	3.6%	R1
Colorado Mesa University	25,951,161	28,427,747	2,476,586	9.5%	R1
Metropolitan State University of Denver	51,626,603	56,499,440	4,872,837	9.4%	R1
Western State Colorado University	11,821,897	12,780,772	958,875	8.1%	R1
Colorado State University System	139,285,526	151,026,813	11,741,287	8.4%	R1
Fort Lewis College	11,784,939	12,210,225	425,286	3.6%	R1
University of Colorado System	194,318,227	213,193,471	18,875,244	9.7%	R1
Colorado School of Mines	21,484,706	22,374,275	889,569	4.1%	R1
University of Northern Colorado	39,597,408	41,808,556	2,211,148	5.6%	R1
Community College System	153,709,215	167,586,896	13,877,681	9.0%	R1
Colorado Mountain College	7,319,484	7,943,772	624,288	8.5%	R1
Aims Community College	8,654,810	9,392,989	738,179	8.5%	R1
Area Technical Colleges	10,218,039	11,089,548	871,509	8.5%	R1
Subtotal - Governing Boards/Institutions	\$690,031,978	\$749,109,671	\$59,077,693	8.6%	
Need-based Grants	128,281,138	140,161,505	11,880,367	9.3%	R1
Work-study	21,432,328	23,413,178	1,980,850	9.2%	R1
COSI scholarship program	5,000,000	9,000,000	4,000,000	80.0%	R6
Emergency retention grants (new)	0	1,500,000	1,500,000	n/a	R4
Other financial aid	23,070,194	22,696,985	(\$373,209)	-1.6%	R3
Subtotal - Financial aid	\$177,783,660	\$196,771,668	\$18,988,008	10.7%	
Lease Purchase Payments for HED Buildings	21,534,800	24,839,451	3,304,651	15.3%	Technical
History Colorado	2,756,401	2,832,917	76,516	2.8%	HC1, Annualize
CTE Grant Program (new)	0	5,000,000	5,000,000	n/a	R5
Other	2,801,061	3,287,588	486,527	17.4%	Annualize, Tech, R1
Total - Department of Higher Education	\$894,907,900	\$981,841,295	\$86,933,395	9.7%	

¹Includes College Opportunity Fund stipends and fee-for-service contracts reappropriated to the governing boards and grants to local district colleges and area technical colleges.

As shown in the table, the vast majority of the Department's requested General Fund increase (83.9 percent) is included in request R1. The R1 request includes an increase of \$73,065,843 General Fund allocated among public institutions of higher education (state governing boards, local district colleges, and area technical colleges) and financial aid. The request includes: (1) an overall increase of \$59,204,626 (8.6 percent) for the governing boards, allocated based on the H.B. 14-1319 funding model, including an adjustment for the COF stipend for private institutions; and (2) an increase of \$13,861,217 for financial aid, reflecting the statutory requirements that financial aid increase at the same rate as support for the governing boards.

State governing boards: The request for the state governing boards incorporates: \$15.96 million for the General Fund portion of a 2.4 percent inflationary increase; \$1.7 million for health benefits inflation that exceeds base inflation; \$6.0 million for additional completion incentive funding for Pell eligible students; and \$33.2 million to buy down tuition to a 3.0 percent increase.

Local district colleges/area technical colleges: The request includes \$2.2 million for the statutorily-required calibration increase for local district colleges and public area technical colleges.

Financial aid: The request includes \$11.9 million for need-based aid and \$2.0 million for work-study for the statutorily-required calibration increase for financial aid.

The R1 request is intended to:

- Address inflationary increases in higher education, including costs related to health benefit increases
- Limit tuition increases by increasing state support for higher education
- Allocate funds for the governing boards consistent with the H.B. 14-1319 funding model with adjustments that align with the State Master Plan
- Comply with other statutory components that align other increases to the increases for the public governing boards. These provisions include:
 - A requirement that the COF stipend for low-income students attending eligible private institutions be 50 percent of the COF stipend at public institutions; and
 - A requirement that state support for financial aid increase at no less than the rate of increase for the public governing boards (Section 23-3.3-103, C.R.S.).

In a change from prior years, the Department's request proposes to **“annualize” the request to \$144,705,405 General Fund in FY 2019-20**—a further increase of 7.6 percent for the governing boards with commensurate increases in financial aid. It indicates an ongoing intent to fund inflationary increases in subsequent years.

RATIONALE FOR THE REQUEST: R1 STATE FUNDING AND R2 TUITION BUY DOWN

The R1 General Fund request emphasizes that the requested increase will both cover institutions' core inflationary cost increases and reduce the tuition burden on students to make college more affordable.

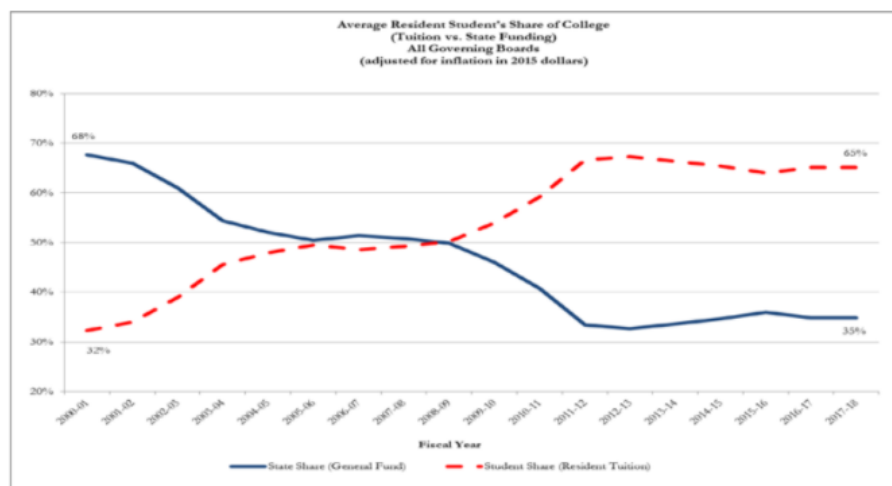
- Using an approach similar to last year, the request outlines a need for an overall increase for health benefits and inflation of \$17,636,137 General Fund. This represents a 2.4 percent increase in General Fund support for the state governing boards. As noted by the Department, 65 percent

of all Colorado state government employees/55 percent of state FTE work in public higher education. Salary and benefits increases for these staff are not appropriated as they are for most state staff but are instead supported through General Fund, tuition, and fees. Such costs minimally increase by inflation.

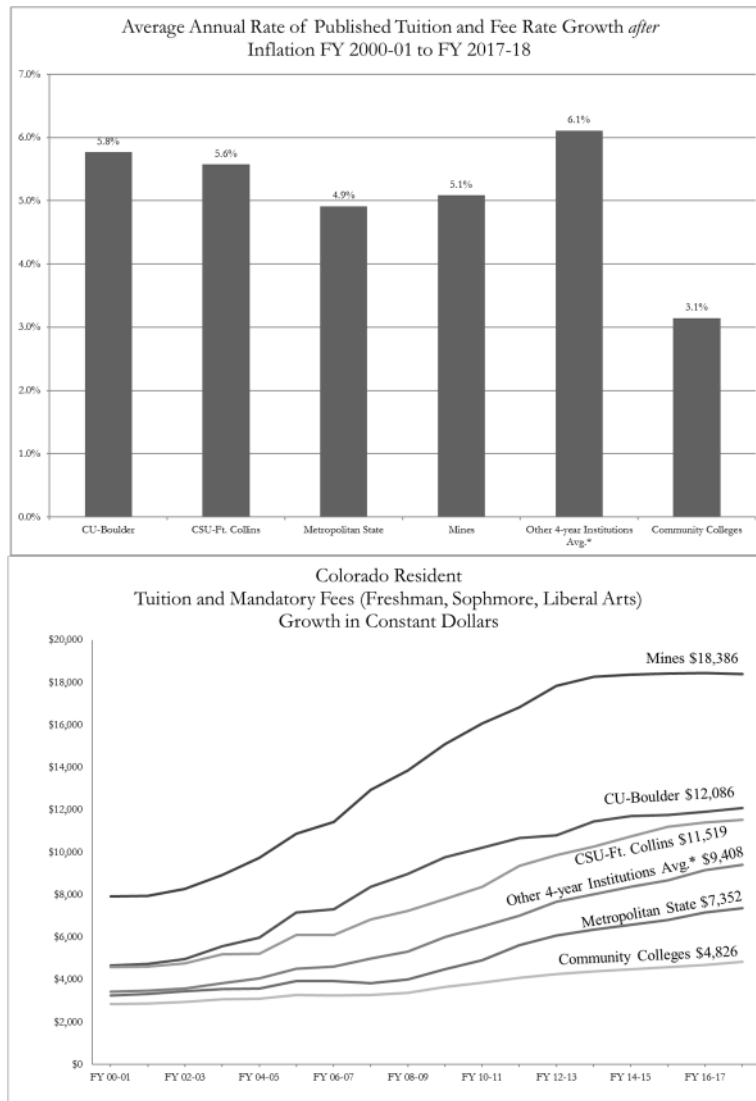
- The balance of the request (\$39.2 million) is to “buy down” tuition increases. Changes in the model help to direct more of that amount (estimated at \$6.0 million) to institutions serving low-income students.

As noted in the request, tuition increases have averaged 7.4 percent a year for four year schools since FY 2011-12. If tuition increases continue at the current pace, in four years tuition will be over 22 percent higher than current levels, and such increases could hinder affordability and discourage many students from attending college. Tuition has increased far faster than the increase in the median household income: Between FY 2011-12 and FY 2017-18, tuition at four-year institutions increased 44.3 percent. Over the same period, the median household income increased just 18.1 percent.

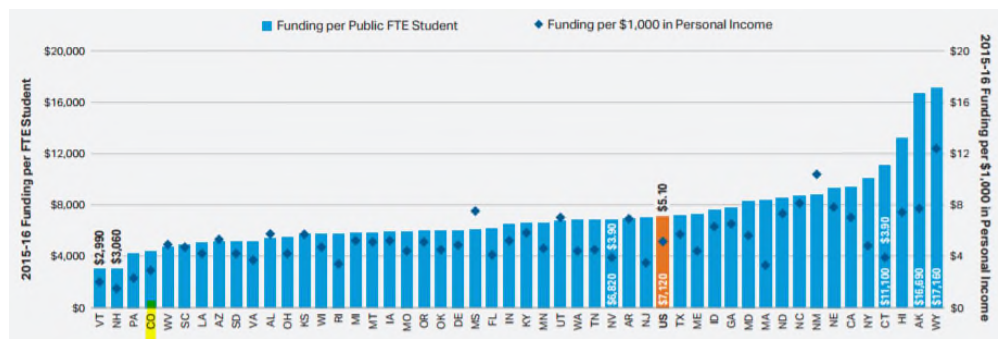
The Department’s “inverted smiley” chart shows that in 2001 students were responsible for about one-third of higher education costs (limited to tuition, in this analysis), while the State was responsible for two-thirds. By FY 2011-12, that ratio had reversed. The relationship has changed little since that time, although it has not significantly worsened since the end of the Great Recession.



The rate of increase in tuition has been striking, as reflected in the charts below, which show the rate of increase even after adjusting for inflation.

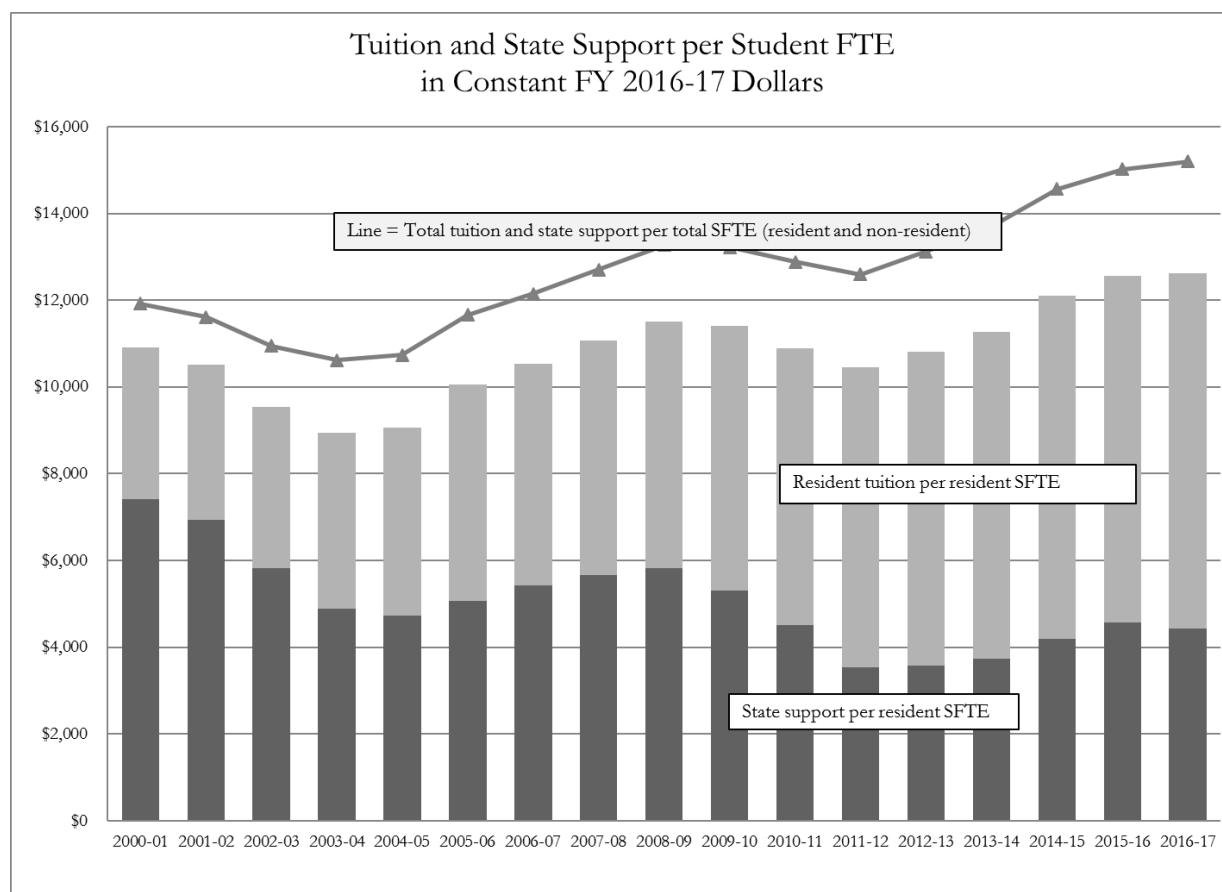


The Department of Higher Education correctly notes that resident tuition increases have been driven substantially by **declines in state support**. Colorado public institutions receive less public support than public institutions in most other states.



Source: College Board, Trends in College Pricing, 2017 (https://trends.collegeboard.org/sites/default/files/2017-trends-in-college-pricing_0.pdf)

However, as staff has noted on many occasions, declines in state support are not the sole cause of increasing tuition. Colorado institutions have increased tuition well above the level of inflation (defined here as Denver metro CPI) both when state funding has been decreasing and when it has been increasing, though it has been slower when General Fund increases. **These increases have allowed total institutional revenue—not simply tuition rates—to increase faster than inflation.**



Inflation-adjusted average annual rate of growth	FY 00-01 to FY 04-05	FY 04-05 to FY 08-09	FY 08-09 to FY 11-12	FY 11-12 to FY 16-17
State support/Resident SFTE	-10.6%	5.3%	-15.3%	4.5%
Resident Tuition/Resident SFTE	5.5%	6.9%	6.7%	3.5%
Revenue per resident	-4.5%	6.1%	-3.2%	3.8%
Total revenue/total SFTE	-2.6%	5.4%	-1.7%	3.8%

The specific factors driving higher per-student costs vary by institution. In some cases, institutions are able to increase revenue and thus spending by increasing non-resident revenue. In other cases, institutions face declining student populations and have difficulty decreasing expenditures commensurate with the student declines. See charts in the appendix for more in-depth analysis. However, **the result has been, on average, an increase of 3.8 percent in total per-student educational revenue per year from FY 2011-12 to FY 2016-17 above the rate of inflation in this**

period. While the request will likely make little dent in this rate of growth, it will slow the rate of tuition increase by shifting a larger share of costs back to the General Fund.

IMPACTS OF HIGH TUITION ON STUDENTS

HIGHER EDUCATION PARTICIPATION: A wide array of studies confirm that **student participation is inversely related to higher education cost**. For example, a study of tuition increases from 1980 to 1992 found that for every \$1,000 increase in tuition, participation in community colleges fell by 4.7 percent and participation in 4-year institutions fell by 1.2 percent. While low-income students, in particular, may not actually pay the sticker price, they are far more likely to be aware of the sticker price than of the amount they will actually pay. As a result, a *higher sticker price discourages participation, particularly* among low-income students.⁴ In addition, students likely take more time to complete their degrees than in the past in large part due to higher education costs: students often work many hours to finance their educations, and this can make it difficult for them to take a full course load. Colorado's Master Plan includes ambitious goals for increasing completion at state higher education institutions. Allowing tuition to continue to rise at high rates runs directly contrary to state goals.

GROWTH IN STUDENT DEBT: Both low and middle-income students must often take on substantial debt to complete their degrees. National student loan debt is almost \$1.5 trillion.⁵ Growth in student debt has prompted widespread discussion of the potential impact of this on young adults and the economy as a whole.⁶

At Colorado public institutions, in FY 2016-17, 65.4 percent of students graduated with debt and the average debt was \$26,259 for a bachelor's degree. For students earning an Associate's degree, 58% percent graduated with debt and the average loan debt was \$13,212.⁷ These reflect modest declines from prior years. The table below shows student loan debt upon completion of a baccalaureate degree at a Colorado institution.

INSTITUTION	2012	2013	2014	2015	2016	2017	% CHANGE
Adams State University	23,636	24,621	25,205	26,308	26,135	25,617	8.38%
Colorado Mesa University	25,045	25,280	24,961	27,081	25,961	26,850	7.21%
Colorado Mountain College		15,045	16,170	21,022	17,563	18,338	NA
Colorado School of Mines	30,987	31,023	31,783	33,596	33,745	34,125	10.13%
Colorado State University	23,902	25,156	25,661	25,565	26,304	27,233	13.94%
Colorado State University - Pueblo	24,060	23,267	23,552	25,741	23,583	25,212	4.79%
Fort Lewis College	20,948	21,667	21,767	23,624	22,438	21,504	2.65%
Metropolitan State University of Denver	26,640	26,267	26,653	28,632	27,782	27,130	1.84%
University of Colorado - Boulder	24,485	25,173	25,362	26,519	27,522	28,689	17.17%
University of Colorado – Colorado Springs	23,184	24,703	25,501	26,857	25,065	27,121	16.98%
University of Colorado at Denver	26,948	29,167	29,410	29,479	29,597	29,064	7.85%

⁴ Kane, 1995, cited in Heller, Donald. Student Price Response in Higher Education: An update to Leslie and Brinkman. The Journal of Higher Education, Vol. 68, No 6 (Nov – Dec., 1997), pp. 624-659

⁵ Federal Reserve data: <https://www.federalreserve.gov/releases/g19/current/default.htm>

⁶ See, for example, Consumer Financial Protection Bureau, *Student Loan Affordability: Analysis of Public Input on Impact and Solutions*, May 8, 2013. <http://www.consumerfinance.gov/reports/student-loan-affordability/>

⁷ Colorado Department of Higher Education, FY 2015-16 Financial Aid Report

INSTITUTION	2012	2013	2014	2015	2016	2017	% CHANGE
University of Northern Colorado	24,224	25,001	25,563	25,859	25,356	25,337	4.59%
Western State Colorado University	20,794	22,953	23,387	23,672	25,350	25,146	20.93%

Source: Colorado Department of Higher Education, *FY 2016-17 Financial Aid Report*

Student loan debt has now surpassed all other forms of non-mortgage consumer debt.⁸ While this in part reflects greater participation in higher education, it also reflects the increasing cost of higher education: per-borrower inflation-adjusted higher education debt has increased more than 35 percent since 2004.⁹

While analysts agree that higher education, for completers, is still a good “investment,” others note that growing student loan debt is delaying or impeding home purchases¹⁰ and may affect individual’s ability to save for other purposes, such as their own retirement or their children’s education.

REQUEST R1 DETAILS: H.B. 14-1319 FUNDING MODEL AND INCREASE FOR GOVERNING BOARDS

For the decade prior to the adoption of H.B. 14-1319, funding for Colorado higher education institutions was governed by S.B. 04-189, which dictated the use of student stipends to be provided to resident undergraduates and fee-for-service contracts with each governing board to address other state needs. However, for practical purposes, funding for each governing board was determined using a “base plus” allocation model, with the incremental change shaped each year through agreements negotiated among the higher education institutions and approved through legislative action.

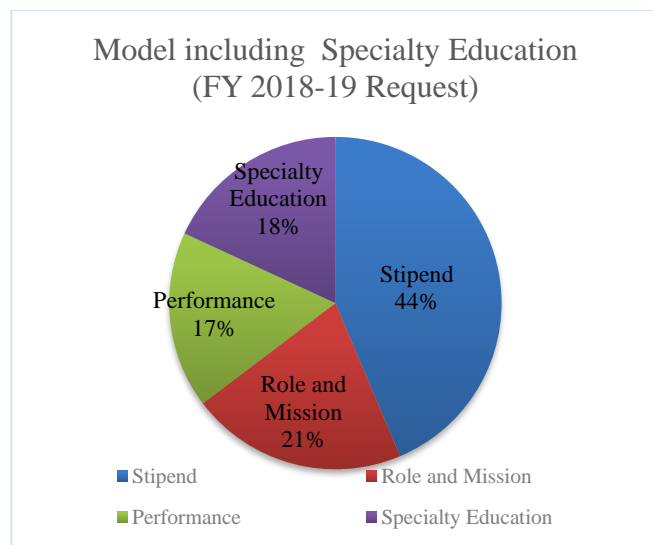
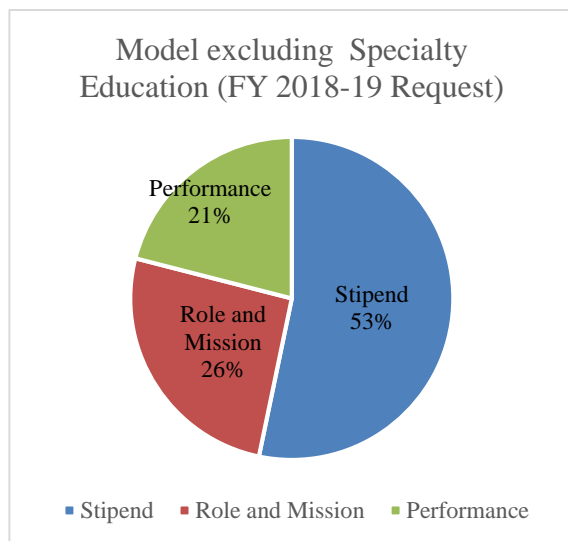
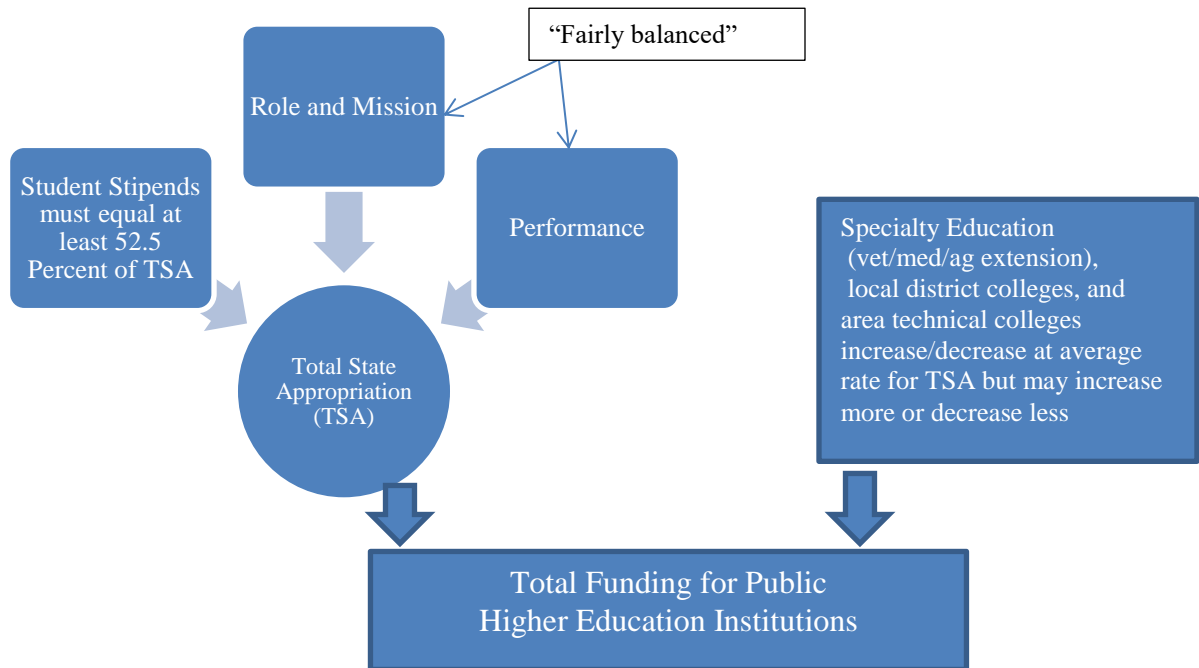
By 2014, from the General Assembly’s perspective, it was no longer transparent why any particular governing board received a particular amount of funding, and the funding authorized seemed to have little relationship to the fee-for-service contracts authorized in statute (although those were annually adjusted and executed to comply with the letter of the law). Thus, during the 2014 legislative session, the General Assembly adopted H.B. 14-1319 (Outcomes-based Funding for Higher Education) to refine the existing funding model to more explicitly address the fee-for-service components of the model and to add components based on student retention and degree attainment.

House Bill 14-1319 details several major funding categories, as reflected in the chart below. In certain respects, the statute is highly prescriptive. However, in practice there is considerable space for the General Assembly to adjust funding based on its policy priorities. The chart shows the basic model components and the pie charts show the share allocated to each in the FY 2018-19 request.

⁸ Donghoon Lee, *Household Debt and Credit: Student Debt*, February 28, 2013, Federal Reserve Bank of New York <https://www.newyorkfed.org/medialibrary/media/newsevents/mediaadvisory/2013/Lee022813.pdf>

⁹ Federal Reserve Bank of New York Consumer Credit Panel/Equifax, cited in Dustin Weeden, Understanding Student Debt (presentation slides), National Conference of State Legislatures, Legislative Institute on Higher Education, October 11, 2015.

¹⁰ See for example Kelley Holand, “The High Economic and Social Cost of Student Loan Debt, CNBC, June 15, 2015. <http://www.cnbc.com/2015/06/15/the-high-economic-and-social-costs-of-student-loan-debt.html>



COLLEGE OPPORTUNITY FUND STUDENT STIPENDS: These are amounts provided for undergraduate resident students. Funding for student stipends must constitute at least 52.5 percent of total state appropriations, as defined by the bill. As shown above, once specialty education is included, the share of funding from stipends fell to 44 percent in FY 2017-18.

ROLE AND MISSION FUNDING: The role and mission statutory language requires that this component include:

Institutional mission. Amount to offset the costs incurred in providing undergraduate programs at each institution, including the following components: selectivity, number of campuses, rural or urban location, low student enrollment, undergraduate programs with a high cost per student, and whether the institution conducts research.

Support services for Pell-eligible, first-generation, and underserved undergraduate students. Must include an amount for Pell-eligible students at least equal to ten percent of the amount of the College Opportunity Fund stipend. May include amounts for first-generation or underserved students.

Graduate programs. Must include an amount for each graduate student enrolled in an institution, which amount shall be based on the subject and level of the graduate program.

Remediation. Must include an amount for each eligible governing board to offset the costs incurred in providing effective basic skills courses and the costs incurred in providing approved supplemental academic instruction.

Additional factors. Up to two additional factors.

PERFORMANCE FUNDING: The performance funding component includes:

Completion. An amount for each certificate or degree awarded and each student transferring from a community college. Must include additional amount for each Pell-eligible undergraduate completion.

Retention. An amount for each governing board based on the number of students enrolled in an institution that make academic progress by completing thirty credit hours, sixty credit hours, or ninety credit hours.

Additional metrics. Up to four additional performance funding metrics.

GENERAL ROLE AND MISSION AND PERFORMANCE METRIC REQUIREMENTS:

- It is the General Assembly's intent that the components of the fee-for-service contracts be "fairly balanced" between role and mission factors and performance metrics.
- Role and mission and performance metrics must be tied to the policy goals established by the General Assembly and the Commission in its Master Plan and must be transparent and measurable.
- Each role and mission factor may be applied differently to institutions, but to the extent possible, similar institutions must be treated similarly.
- Each performance funding metric must be applied uniformly to all governing boards.

SPECIALTY EDUCATION, LOCAL DISTRICT COLLEGES, AREA TECHNICAL COLLEGES: Specialty education programs (the medical school at the University of Colorado and the veterinary school and various agricultural extension programs at Colorado State University), as well as funding for local district junior colleges and area vocational schools are required to increase or decrease at the same rate as overall funding for higher education institutions ("total state appropriation") but may increase more or decrease less.

GUARD RAILS: Through FY 2019-20, the appropriation for a governing board may not increase or decrease by a percentage that exceeds five percentage points of the average for all the governing boards. Beginning in FY 2020-21, use of the guard rails is optional.

ANNUAL PROCESS: The Department and CCHE must annually submit a budget request that includes a detailed description of role and mission factors and metrics, values assigned, and funding for each institution for each funding metric. The Joint Budget Committee may modify the model within the constraints outlined in H.B. 14-1319. Specifically, the JBC is required to follow the minimum statutory requirements concerning role and mission and performance funding but may apply different weights to the factors and metrics than the values determined by the commission.

CHANGES IN THE FY 2018-19 MODEL VERSION AND FY 2017-18 RFI #1

The Department included two adjustments in the FY 2018-19 version of the model to align it with state goals in the Master Plan.

- In the Role and Mission section of the model, Pell-eligible students receive an extra 12.5 percent of the College Opportunity Fund stipend amount (up from 10.0 percent)
- In the Performance/Completions section of the model, Pell-eligible students receive an extra 1.0 weight (so they are counted as 2.0), rather than the previous 0.6 bump.

This second adjustment, in particular, has a significant impact and drives more funds to the institutions that serve a larger share of the low-income population: the community college system, Metro State, Colorado Mesa, and Adams State.

The changes in the model respond to the Committee's RFI #1 from FY 2017-18, which requested that the Department, during its annual review of the funding allocation model, consider various policy issues and report on how the issues were resolved. These included: providing funding in the model for families who are first in their families to attend college; considering whether additional adjustments are appropriate to align the funding model with state master plan goals; providing component for successful student remediation in the model; and further emphasizing support for Pell-eligible students in the model.

The submission directly incorporates the RFI's suggestion to place additional emphasis on Pell-eligible students in the model. The Department also indicated that it supports funding "first generation" students and indicated that it has now reached agreement with the institutions on the definition that will be used: an individual both of whose parents, or the parent with whom the student regularly resides, did not complete a baccalaureate degree. The first data submission will be for fall 2017 enrollment. The Department hopes to be ready to include this in the FY 2019-20 request cycle.

The submission described several other options that had been considered to align the model to the Master Plan, including placing a greater weight on certificates. A version of the model with higher certificate weights is included below for the Committee's consideration. The Department indicated that it had chosen not to place a greater weight on certificates in part because of the risk that institutions may push students into certain types of cheaper certificate programs to drive numbers.


















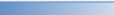
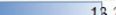
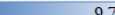










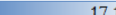
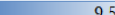












Finally, the report described the significant challenges to implementing a "successful remediation" measure within the model, including that it may be difficult to determine which institution should receive the credit for a successful remediation, if the student takes the remedial class at one institution and the subsequent college-level course at a different institution. Thus, no change was included in this category.

FY 2018-19 MODEL OVERVIEW

- Excluding specialty education funding for the medical and veterinary schools, the FY 2018-19 model allocates:
 - 53.3 percent of funding to student **stipends** (based on FY 2016-17 undergraduate resident enrollment)
 - 25.7 percent of funding to **role and mission** components, including mission differentiation, weighted credit hours and enrollment of Pell-eligible (low income) students
 - 21.0 percent of funding to **outcomes** measures, including student completions and retention
- About 75 percent of the model (excluding specialty education) is allocated based on volume**, including numbers of student stipends, Pell-eligible students, degrees awarded, and students who remain enrolled their second year (retention), using the most recent actual data (FY 2016-17). An additional 20.0 percent represents **fixed amounts** per type of institution (mission differentiation); and 5.1 percent based on a fixed total dollar amount that is reallocated among institutions each year based on volumetric factors (weighted credit hours and credentials per 100 SFTE).
- The FY 2018-19 model incorporates a very gradual shift (also seen last year)** placing additional weight on the performance components (degrees and retention).
- The amount per **undergraduate resident stipend has increased from \$77 to \$83 per credit hour** (\$2,310 per student FTE to \$2,490 per student FTE) or 7.8 percent.
- The **role and mission component (mission differentiation) has been inflated by 8.6 percent**, consistent with the overall increase requested in the model.

The tables and charts below provide additional background and analysis on the model, including the components of model, the resulting allocation of funding by governing board, and the break-down of funding components from an institutional perspective. The tables show: (1) the FY 2018-19 funding with the allocation requested; (2) how the request differs from FY 2017-18 allocations; and (3) the components of the model in the request versus prior years.

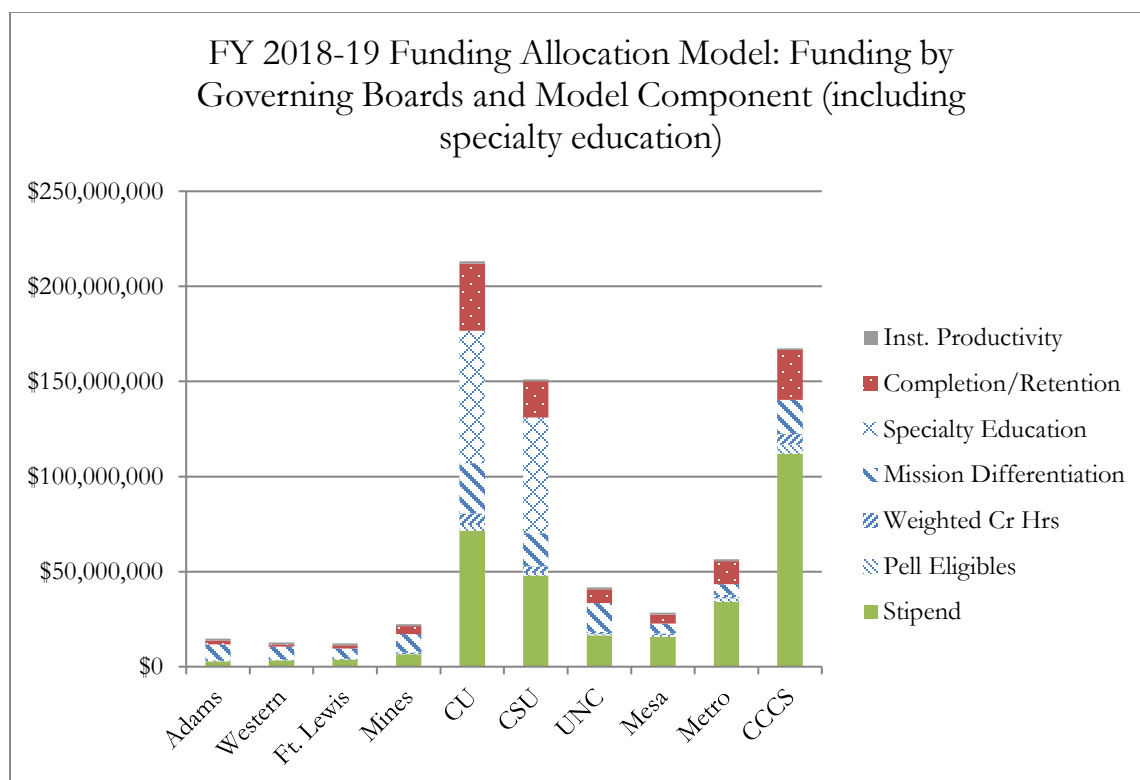
FY 2018-19 FUNDING MODEL ALLOCATION STATE GOVERNING BOARDS					
	TOTAL FROM COF STIPEND	TOTAL FROM ROLE & MISSION	SPECIALTY EDUCATION	TOTAL FROM PERFORMANCE	TOTAL FY 2017-18 INCLUDING SPECIALTY EDUCATION
Adams	\$2,800,794	\$8,995,338		\$2,979,036	14,775,168
Western	\$3,319,876	\$7,255,951		\$2,204,945	12,780,772
Ft. Lewis	\$3,766,042	\$5,771,300		\$2,672,883	12,210,225
Mines	\$6,566,006	\$10,607,456		\$5,200,814	22,374,276
CU System	\$71,558,157	\$35,477,322	\$69,621,506	\$36,436,486	213,093,471
CSU System	\$47,892,319	\$22,293,009	\$60,803,015	\$20,038,472	151,026,815
UNC	\$16,394,835	\$16,982,169		\$8,356,553	41,733,557
Mesa	\$15,811,085	\$6,845,091		\$5,771,571	28,427,747
Metro	\$34,139,239	\$9,265,887		\$13,094,313	56,499,439
CCC System	\$111,997,876	\$28,292,181		\$27,134,878	167,424,935
TOTAL	\$314,246,227	\$151,785,704	\$130,424,521	\$123,889,950	720,346,405

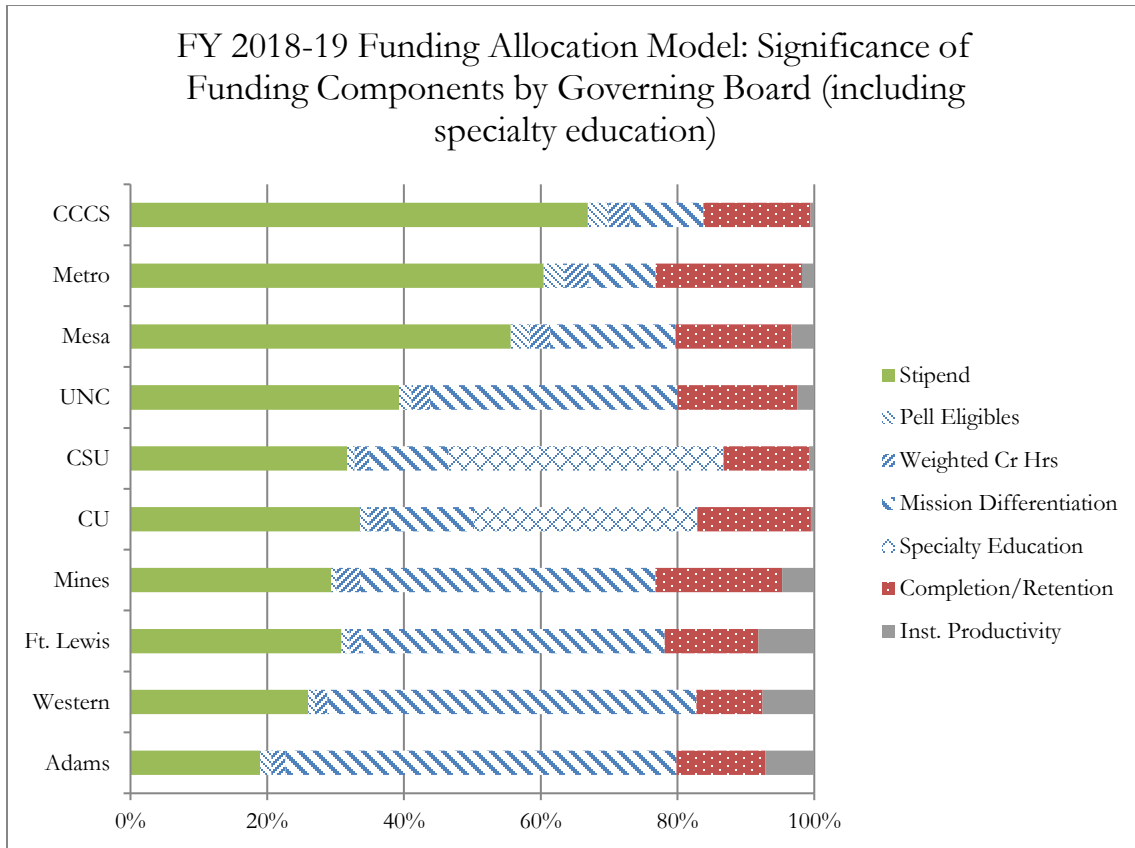
FY 2018-19 Requested Change from FY 2017-18 by Funding Category, Including Specialty Education												
	Stipend			Role and Mission & Specialty				Performance		TOTAL		
Adams	(28,370)		-1.0%	443,921		5.2%	99,653		3.5%	515,205		3.6%
Western	223,821		7.2%	431,263		6.3%	303,791		16.0%	958,875		8.1%
Ft. Lewis	(162,691)		-4.1%	491,891		9.3%	96,087		3.7%	425,287		3.6%
Mines	244,349		3.9%	575,188		5.7%	70,032		1.4%	889,569		4.1%
CU	6,692,294		10.3%	7,903,660		8.1%	4,279,290		13.3%	18,875,244		9.7%
CSU	3,810,026		8.6%	6,140,114		8.0%	1,791,147		9.8%	11,741,288		8.4%
UNC	917,716		5.9%	731,076		4.5%	562,356		7.2%	2,211,149		5.6%
Mesa	1,165,026		8.0%	470,021		7.4%	841,539		17.1%	2,476,585		9.5%
Metro	2,202,007		6.9%	697,476		8.1%	1,973,354		17.7%	4,872,836		9.4%
CCCS	7,922,203		7.6%	2,023,469		7.7%	3,932,009		16.9%	13,877,681		9.0%
TOTAL	22,986,383		7.9%	19,908,079		7.6%	13,949,256		12.7%	56,843,718		8.6%

FY 2018-19 Higher Education Funding Model: General Fund		% Total Funding Excluding specialty ed.		
		FY 2016-17 Enacted	FY 2017-18 Enacted	FY 2018-19 Request
Stipend				
\$83 per eligible resident undergraduate FTE for FY 2018-19 (previously \$77)		54.6%	53.6%	53.3%
Role and Mission				
<u>Mission Differentiation/base funding</u>				
Including FY 2018-19 1x increase				8.6%
<i>Flat amount per type of institution</i>		20.6%	20.6%	20.0%
Large research institution	CU Boulder, CSU Ft. Collins			12,213,649
Medium-sized research, part of a system	UCCS, UCD			7,165,341
Medium-sized stand-alone research institution	Mines, UNC			9,662,354
Large comprehensive 4 year institution	Metro			5,536,854
All other comprehensive 4 year institutions	Ft Lewis, Pueblo, Mesa	-		5,211,157
Small regional 4 year institutions <3,000	Western, Adams			6,893,926
Medium/large community colleges	7 of total			1,085,658
Small community colleges	6 of total			1,737,052
PLUS				
<i>Special factor/ tuition stability</i>				
Adams				1,550,000
UNC				5,430,000
Fort Lewis College				202,500
<u>Weighted Credit Hours (capped at \$20.0 million)</u>		3.8%	3.7%	3.4%
Credit hours provided by each institution (non-resident credit hours excluded), weighted by type of class.				
For example, a graduate science course might be worth 8 times an undergraduate history class.				
<u>Pell</u>		-		
12.5 percent of stipend for Pell-eligible (previously 10.0 percent)		2.1%	1.9%	2.3%

FY 2018-19 Higher Education Funding Model: General Fund		% Total Funding Excluding specialty ed.		
		FY 2016-17 Enacted	FY 2017-18 Enacted	FY 2018-19 Request
Performance/Outcomes Funding				
Non-residents weighted at 30 percent of residents:				
<u>Completions - 85 percent of performance funding</u>		-		
Number of degrees/transfers:				
.25 for a certificate or transfer to 1.25 for a graduate degree				
weighted extra 0.5 for STEM disciplines and 1.0 for Pell (increase from 0.6)		17.1%	18.4%	19.3%
<u>Retentions - 15 percent of performance funding</u>		-		
Number of students completing 30/60/90 credits (4 yr)				
or 15/30/45 at two-year institution				
<u>Institutional Productivity (capped at \$10.0 million)</u>		1.9%	1.8%	1.7%
Credentials per 100 SFTE				
Data sources: All model funding components are based on actual prior year data including for number of FTE eligible for COF stipend (FY 2016-17 for FY 2018-19 model), weighted credit hours, and Pell.				

The following charts show the model allocations for each governing board from a State budget perspective and from the perspective of a governing board funded by the model.





CURRENT PROPOSALS VERSUS ALTERNATIVES

The following versions show some alternative distribution scenarios.

Do not increase funding for Pell students (apply FY 2017-18 version of the model): The current version of the model includes increases for Pell enrollment, by increasing the “extra” COF stipend for these students from 10.0 percent to 12.5 percent. It also substantially increases funding for Pell student completions. In the prior version of the model, Pell students were weighted 1.6 * the value of the certificate/degree. In the new version of the model, Pell students are weighted at 2.0 * the value of the certificate/degree.

This version of the model provided less for the community college system, Metro State, and Colorado Mesa University and more for the University of Colorado, Colorado State University, and the School of Mines. The largest differences were that the earlier version provided \$1.1 million more for the University of Colorado and \$1.0 million less for the community college system.

SAME TOTAL FY 2018-19 DOLLARS, BUT USING FY 2017-18 VERSION WITHOUT PELL ADJUSTMENTS					
GOVERNING BOARD	FY 2018-19 EXECUTIVE REQUEST	EXEC REQUEST - % CHANGE FROM PRIOR YEAR	FY 2018-19 MODEL USING FY 2017-18 MODEL SETTINGS	MODEL WITH FY 2017-18 SETTINGS - CHANGE FROM PRIOR YEAR	MODEL WITH FY 2017-18 SETTINGS ABOVE/(BELOW) REQUEST
Adams State University	\$14,775,168	3.6%	\$14,795,022	3.8%	\$19,854
Colorado Mesa University	28,427,747	9.5%	28,230,869	8.8%	(196,878)

SAME TOTAL FY 2018-19 DOLLARS, BUT USING FY 2017-18 VERSION WITHOUT PELL ADJUSTMENTS					
GOVERNING BOARD	FY 2018-19 EXECUTIVE REQUEST	EXEC REQUEST - % CHANGE FROM PRIOR YEAR	FY 2018-19 MODEL USING FY 2017-18 MODEL SETTINGS	MODEL WITH FY 2017-18 SETTINGS - CHANGE FROM PRIOR YEAR	MODEL WITH FY 2017-18 SETTINGS ABOVE/(BELOW) REQUEST
Colorado School of Mines	22,374,275	4.1%	22,599,888	5.2%	225,613
Colorado State U. System	90,223,799	8.4%	90,546,988	8.7%	323,189
CO Community College System	167,424,936	9.0%	166,470,669	8.4%	(954,267)
Fort Lewis College	12,210,225	3.6%	12,180,079	3.6%	(30,146)
Metro State University	56,499,439	9.4%	55,933,493	8.3%	(565,946)
U. of Colorado System	143,471,965	10.3%	144,531,215	11.1%	1,059,250
U. of Northern Colorado	41,733,556	5.6%	41,791,499	5.7%	57,943
Western State Colorado U.	12,780,771	8.1%	12,788,515	8.2%	7,744
TOTAL (model)	\$589,921,881	8.6%	589,868,236	8.6%	\$0

Increase weight on certificates: The current executive request, like the previous versions of the higher education funding model approved pursuant to H.B. 14-1319, weights certificates at 0.25 (provided for certificates that take at least one year to complete). For comparison, associates degrees are awarded 0.5, bachelor's degrees are awarded 1.0, and masters and doctoral degrees are awarded 1.25.

The table below shows the model results as submitted in the request (with certificates at 0.25) and the results if certificates are instead weighted at 0.5 (like associates degrees), without changing total funds available, the COF stipend or most other model components.¹¹

This adjustment increases funding for the community colleges by \$5.4 million and decreases funding for the other higher education institutions that are not allowed to award undergraduate certificates. The largest decreases would be CU (\$2.5 million) and CSU (\$1.3 million). Funding for Colorado Mesa University, which awards both certificates and higher-level degrees, stays flat.

SAME TOTAL FY 2018-19 DOLLARS, BUT WITH CERTIFICATES WEIGHTED AT 0.5 INSTEAD OF 0.25					
GOVERNING BOARD	FY 2018-19 EXECUTIVE REQUEST	EXEC REQUEST - % CHANGE FROM PRIOR YEAR	FY 2018-19 MODEL TOTAL WITH CERTIFICATES AT 0.5	MODEL WITH CERTIFICAT ES AT 0.5 - % CHANGE FROM PRIOR YEAR	MODEL WITH CERTIFICATES AT 0.5 ABOVE/(BELOW) REQUEST
Adams State University	\$14,775,168	3.6%	\$14,770,800	3.6%	(\$4,368)
Colorado Mesa University	28,427,747	9.5%	28,427,611	9.5%	(136)
Colorado School of Mines	22,374,275	4.1%	22,253,506	3.6%	(120,769)

¹¹ Amounts for Adams, Mines, and Fort Lewis had to be adjusted in the 0.5 model (as did Adams and Fort Lewis in the Department's model) to keep them within the "guard rails" that no governing board's annual adjustment may vary from the average increase/decrease by more than 5.0 percentage points.

SAME TOTAL FY 2018-19 DOLLARS, BUT WITH CERTIFICATES WEIGHTED AT 0.5 INSTEAD OF 0.25					
GOVERNING BOARD	FY 2018-19 EXECUTIVE REQUEST	EXEC REQUEST - % CHANGE FROM PRIOR YEAR	FY 2018-19 MODEL TOTAL WITH CERTIFICATES AT 0.5	MODEL WITH CERTIFICAT ES AT 0.5 - % CHANGE FROM PRIOR YEAR	MODEL WITH CERTIFICATES AT 0.5 ABOVE/(BELOW) REQUEST
Colorado State U. System	90,223,799	8.4%	88,887,748	6.8%	(1,336,051)
CO Community College System	167,424,936	9.0%	172,779,410	12.5%	5,354,474
Fort Lewis College	12,210,225	3.6%	12,206,489	3.6%	(3,736)
Metro State University	56,499,439	9.4%	55,705,930	7.9%	(793,510)
U. of Colorado System	143,471,965	10.3%	140,997,523	8.4%	(2,474,442)
U. of Northern Colorado	41,733,556	5.6%	41,212,300	4.3%	(521,257)
Western State Colorado U.	12,780,771	8.1%	12,680,565	7.3%	(100,206)
TOTAL (model)	\$589,921,881	8.6%	\$589,921,881	8.6%	\$0

Increase COF stipend funding: The current executive request, like others in recent years, has set the COF stipend in the model close to the minimum of 52.5 percent of the total. This reflects an effort to reward more than “seat time”. However, increasing the stipend is an option. The table below compares the current request, which allocates \$83 per COF credit hour (\$2,490 per student FTE) with an allocation of \$90 per COF credit hour (\$2,700 per FTE). This change increases the share of “total state appropriation” for COF stipends from to 57.8 percent. In this version of the model, some additional adjustments are required to keep Adams, Fort Lewis College, and the Colorado School of Mines within the model “guardrails”.

This adjustment increases funding for the community colleges (by \$3.5 million) and Colorado Mesa University, while reducing funding for the University of Colorado System (by \$2.5 million), the Colorado State University System, and the University of Northern Colorado.

SAME TOTAL FY 2018-19 DOLLARS, BUT WITH COF STIPEND AT \$90 PER CREDIT HOUR					
GOVERNING BOARD	FY 2018-19 EXECUTIVE REQUEST	EXEC REQUEST - % CHANGE FROM PRIOR YEAR	FY 2018-19 MODEL WITH COF STIPEND INCREASED TO \$90 CREDIT HOURS	FY 2018-19 MODEL WITH STIPEND INCREASED TO \$90 CREDIT HOURS-% CHANGE	MODEL WITH FY 2017-18 SETTINGS ABOVE/(BELOW) REQUEST
Adams State University	\$14,775,168	3.6%	14,766,438	3.6%	(\$8,730)
Colorado Mesa University	28,427,747	9.5%	28,632,643	10.3%	204,896
Colorado School of Mines	22,374,275	4.1%	22,263,123	3.6%	(111,152)
Colorado State U. System	90,223,799	8.4%	89,673,673	7.7%	(550,126)
CO Community College System	167,424,936	9.0%	170,770,875	11.2%	3,345,939

SAME TOTAL FY 2018-19 DOLLARS, BUT WITH COF STIPEND AT \$90 PER CREDIT HOUR					
GOVERNING BOARD	FY 2018-19 EXECUTIVE REQUEST	EXEC REQUEST - % CHANGE FROM PRIOR YEAR	FY 2018-19 MODEL WITH COF STIPEND INCREASED TO \$90 CREDIT HOURS	FY 2018-19 MODEL WITH STIPEND INCREASED TO \$90 CREDIT HOURS-% CHANGE	MODEL WITH FY 2017-18 SETTINGS ABOVE/(BELOW) REQUEST
Fort Lewis College	12,210,225	3.6%	12,204,056	3.6%	(6,169)
Metro State University	56,499,439	9.4%	56,527,159	9.5%	27,720
U. of Colorado System	143,471,965	10.3%	140,954,792	8.4%	(2,517,173)
U. of Northern Colorado	41,733,556	5.6%	41,365,598	4.7%	(367,958)
Western State Colorado U.	12,780,771	8.1%	12,763,524	8.0%	(17,247)
TOTAL (model)	\$589,921,881	8.6%	589,921,881	8.6%	\$0

If the Committee or other legislators are interested in additional model “runs” prior to figure setting, staff and the Department will work on these.

GENERAL OBSERVATIONS ABOUT THE MODEL

From staff’s perspective, the model represents an improvement over the situation prior to the model. It provides a mechanism for the General Assembly set some policy priorities and reflect them in the budget, and it signals that the General Assembly is interested in completions and not solely enrollment. It yields results that seem reasonable to the governing boards and the General Assembly. However, *it remains an extremely “clunky” tool.*

- The role and mission portion of the model is largely comprised of flat funding amounts related to type of institution. These flat funding amounts represent “open the door” costs for different types of institution. These amounts largely reflect historic funding levels and thus past decisions of the General Assembly about the amount of funds that should be provided to different boards. Further adjustments have been included to keep institutions within the statutory “guard rails” that no institution receives a cut of more than five percentage points compared to the average. The Department’s work with the model during its first year indicated that some relatively stable component like this was useful, particularly given the “guard rails” requirement. *However, staff’s original expectation was that this portion of the model would shrink over time. While declining, it is doing so at a very slow rate, largely because of the “guard rails” issue and the impact on the smaller institutions.*
- The completions portion of the model is comprised, as required by statute, of a portion for student retention in the first year (set at 15 percent of the total) and 85 percent for completions. The completions measure aligns with the master plan focus on degrees and certificates earned. However, because of the rather complex weighting mechanisms with the model, *it’s challenging for staff and institutions to confirm that it is operating properly and clearly see, for example, what dollar amount is tied to a new Pell completion “bump”.*

- The model would be more transparent if it were simpler. Some such changes would require statutory adjustments.
- The model was originally constructed by a Department contractor with a Tableau interface, but the Department migrated to a more transparent Excel spreadsheet version in FY 2016-17. This works well for parts of the model but does not handle the completions portion well. The Department is now working with a different contractor to revive a more functional Tableau tool. Keeping the Excel model is important for transparency. However, staff *would also like a Tableau version that would allow the user to **either** keep funding constant while adjusting weights within the model **or** isolate a portion of the model and add or subtract funds from that subcomponent.*
- Consistent with statute, funding for “specialty education,” local district colleges, and area technical schools get no less than the average increase authorized for the state intuitions. This provides the General Assembly no consistent mechanism to reward improved performance, or penalize worse performance, for institutions such as the LDCs and ATCs. These institutions are expected to have a significant role in meeting state Master Plan goals. This approach also reduces legislative focus on how specialty education funds are used.¹²

REQUEST R1 DETAILS: FINANCIAL AID REQUEST

Statute at Section 23-3.3-103, C.R.S. requires that the appropriation for student financial assistance under the article increase by at least the same percentage as the aggregate percentage increase of all General Fund appropriations to institutions of higher education. As a result, the Department’s Request R1 incorporates an increase for financial aid.

The programs authorized under article 3.3 include Need Based Aid, Work Study, Merit Based Aid, and Tuition Assistance for Veterans/Law Enforcement/POW, assistance for career and technical education, and the Colorado Opportunity Scholarship Initiative. Thus, the required “calibration” between increases for the governing boards and increases for financial aid could be applied to any of those categories. Furthermore, the Department has separately requested an increase for the Colorado Opportunity Scholarship Initiative, as well as requested funding for a new program to provide emergency grants for students. As a result, *the total request for financial aid increases pursuant to article 3.3 exceeds the requested increase for the governing boards. Staff supports this element of the request, but the Committee should be aware that the General Assembly could modify the amount or category of financial aid and still comply with this statutory requirement, depending upon action on other portions of the request.*

FINANCIAL AID AUTHORIZED IN ARTICLE 3.3 OF TITLE 23	FY 2017-18 APPROP.	FY 2018-19 REQ.	REQUESTED INCREASE
Need based aid	128,466,694	140,347,061	11,880,367
Work study	21,432,328	23,413,178	1,980,850
Merit based	5,000,000	5,000,000	-
Veterans/Law Enforcement/POW	672,000	672,000	-
Colorado Opportunity Scholarship Initiative (COSI)	5,000,000	9,000,000	4,000,000

-
- ¹² As the Committee is aware, funds allocated to the University of Colorado for specialty education are now passed to the Department of Health Care Policy and Financing in a complex refinancing scheme.

FINANCIAL AID AUTHORIZED IN ARTICLE 3.3 OF TITLE 23	FY 2017-18 APPROP.	FY 2018-19 REQ.	REQUESTED INCREASE
Requested Emergency Grant Program (if authorized)		1,500,000	1,500,000
Career and Tech Tuition Assistance	<u>450,000</u>	<u>450,000</u>	-
Total	161,021,022	180,382,239	19,361,217
Percentage change			12.0%
Minimum increase to align with 8.6 percent governing board request (included in R1)			13,861,217
Difference			5,500,000

In recent years, the request has directed the entire mandatory financial aid increases to Need Based Aid. This year, it has instead provided 9.2 percent increases for both Need Based Aid and Work Study. Staff notes that:

- Financial aid programs for needy students have not kept pace with increased tuition, leading to increased reliance on student debt to finance the cost of higher education.
- Cost for low-income students is a major obstacle to participation in higher education and thus to the State achieving its Master Plan goals for a more educated population.
- For students at the lowest end of the economic spectrum, with incomes below \$30,000, average net cost of attendance at public institutions of higher education substantially exceeds assistance provided.
- The Department has indicated in the past that students receiving work study have better achievement and retention rates than both students who don't work and students who find work on their own, speculating that work study creates a sense of investment, while the regulated hours and locations ensure that employment doesn't interfere with study. A number of higher education presidents have also indicated that they find work-study improves student engagement and retention.
- Although institutional aid has grown along with tuition, majority of institutional aid is directed to merit-based aid. Colorado's larger institutions offer standard merit-based tuition reductions for resident students: the University of Colorado offers an "esteemed scholars" program that provides merit aid of \$2,500 to \$5,000 per year and CSU Fort Collins offers reductions of \$1,000 to \$4,000 per year based, in each case, on GPA and standardized test scores. The institutions note that these kinds of programs help to keep gifted Colorado students in-state. However, merit-based aid disproportionately benefits better-off students, who are likely to be better prepared than less wealthy students. Researchers have pointed out that institutions have increasingly directed institutional aid to merit-based aid. This reflects a competitive environment among institutions in which institutions actively recruit students by offering them tuition discounts. Nationally, the share of high-income students receiving grants has grown, while the share of low-income students receiving grants has declined.¹³

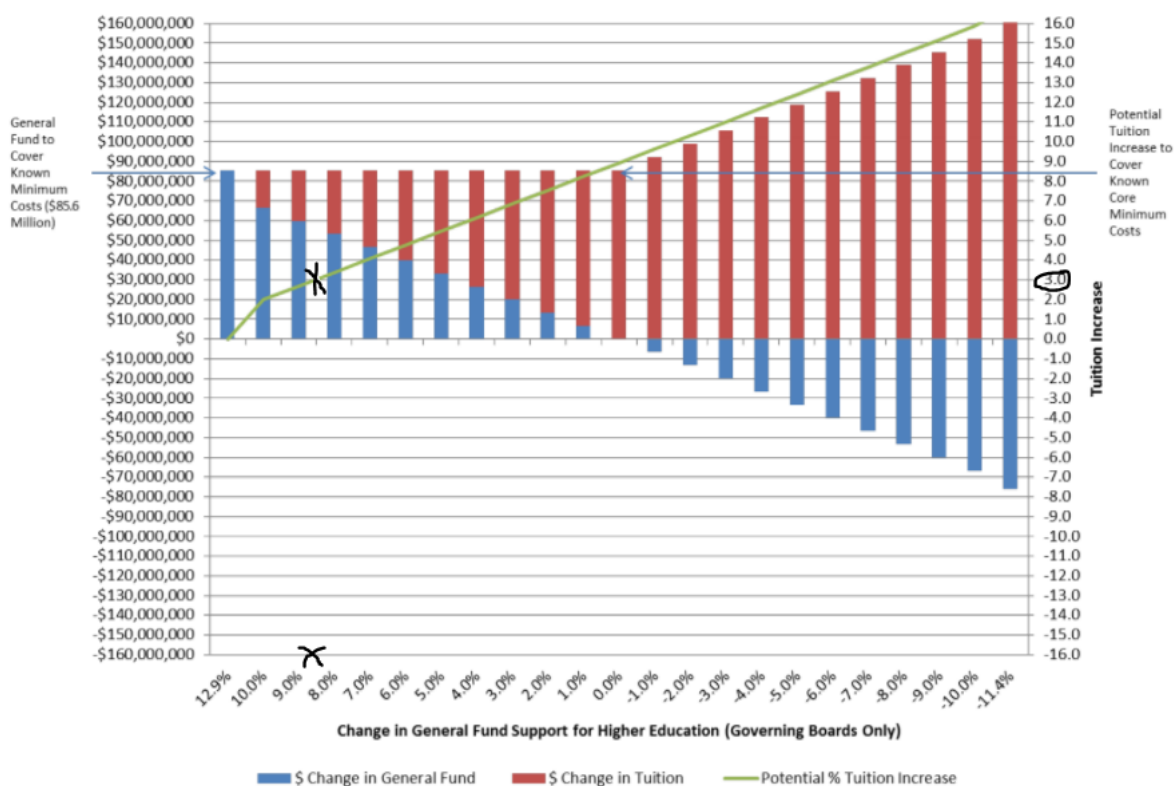
¹³ Burd, *Undermining Pell: How Colleges Compete for Wealthy Students and Leave the Low-Income Behind*, New America Foundation, May 2013

http://education.newamerica.net/sites/newamerica.net/files/policydocs/Merit_Aid%20Final.pdf

REQUEST R2 DETAILS: DEPARTMENT GENERAL FUND/TUITION MATRIX

The General Assembly resumed authority to appropriate tuition at state institutions beginning in FY 2016-17, after a five-year time-out. Consistent with the approach used in FY 2016-17, the Department's request R2 proposes tuition spending authority for each of the higher education institutions and related Long Bill footnotes. This spending authority and the assumptions behind it provide an implied cap on tuition increases for resident undergraduates.

For the last several years, the Department has submitted a cost matrix, designed to show how an increase in General Fund corresponds to a particular level of governing board tuition increase. **This year's 8.6 percent increase corresponds, in the Department's calculations, to a 3.0 percent tuition cap. This is broadly consistent with institutional revenue per student trends over multiple years; however, it assumes that institutions require a rate of revenue growth well above the rate of inflation.**



Specific calculations will be revised in February, when the State receives updated estimates of enrollment and tuition at the state institutions for FY 2017-18. The Department's initial request uses the FY 2017-18 tuition estimates in the FY 2017-18 Long Bill as a starting point.

Based on a review of historic cost drivers and trends at multiple institutions, staff is increasingly convinced of "Bowen's Law"—that ***institutional revenues tend to drive institutional spending, rather than the reverse.*** This does not mean that institutional spending in Colorado is irresponsible. A study for which the Department contracted in 2015 concluded that Colorado institutions were efficient compared to institutions in other states. However, it does mean that institutions successfully

squeeze costs—limiting salary increases, relying more heavily on less expensive adjunct staff, and providing fewer staff per student—when they do not have sufficient revenue. They increase compensation and the use of full-time staff, as well as adding staff-per-student, given the opportunity.

The institutions and the General Assembly face a delicate balance between tuition costs—which discourage student participation and damage completion rates—and institutional investments, such as more and better staff, which may promote more efficient completion. Because the General Assembly appropriates tuition at State institutions, it has authority to weigh in on this balancing act.

The spending authority provided by the General Assembly makes a difference. Looking at the level of increases authorized for FY 2017-18 in tuition footnotes, it's clear many institutions increased tuition to at, or just below, the level authorized by the General Assembly.

	LONG BILL IMPLIED CAP ON UNDERGRADUATE RESIDENT TUITION INCREASES	ACTUAL FY 2017-18 UG RESIDENT TUITION INCREASE	ACTUAL FY 2017-18 UG INCREASES IN TUITION + MANDATORY FEES
University of Colorado - Boulder	5.0%	4.9%	4.8%
University of Colorado - Colorado Springs	5.0%	4.0%	3.5%
University of Colorado - Denver	5.0%	3.2%	4.8%
Colorado State University	6.0%	5.0%	4.2%
Colorado State University - Pueblo	6.0%	6.0%	6.0%
Fort Lewis College	6.0%	5.7%	6.2%
University of Northern Colorado	7.0%	6.8%	7.3%
Adams State University	7.0%	0.0%	3.1%
Colorado Mesa University	7.0%	7.0%	6.9%
Metropolitan State University of Denver	7.0%	6.5%	6.1%
Western State Colorado University	6.0%	4.9%	26.4%
Colorado School of Mines	n/a	2.9%	2.9%
Colorado Community College System	7.7%	5.6%	2.8%-9.9%

The Department's proposed 3.0 percent would represent a significantly lower rate of tuition increase than has been seen in recent years. Given the nature of the Department's cost matrix and the rate of total spending increase this will allow, **it is still a generous cap.** **If there were no changes to enrollment, the Department's model would provide an overall increase of 4.9 percent in total revenue per resident student (tuition + GF).** Staff will provide a more detailed analysis of spending and revenue impacts when updated enrollment and revenue data is submitted in February.

FY 2017-18 Appropriation											
	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	12,661,280	56,215,933	103,329,898	9,207,677	242,308,079	11,162,958	481,208,180	54,089,348	71,501,791	236,499,334	1,278,184,479
General I	14,259,963	25,951,161	51,626,603	11,821,897	139,285,526	11,784,939	194,318,227	21,484,706	39,597,408	153,709,215	663,839,645
Total	26,921,243	82,167,094	154,956,501	21,029,574	381,593,605	22,947,897	675,526,407	75,574,054	111,099,199	390,208,549	1,942,024,124
FY 2017-18 Requested Change											
	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	379,838	1,686,478	3,099,897	276,230	7,269,242	334,889	14,436,245	1,622,680	2,145,054	7,094,980	38,345,534
General I	515,204	2,476,586	4,872,837	958,875	11,741,287	425,286	18,875,244	889,569	2,211,148	13,877,681	56,843,717
total	895,042	4,163,064	7,972,734	1,235,105	19,010,529	760,175	33,311,489	2,512,249	4,356,202	20,972,661	95,189,251
FY 2018-19 Request											
	ASU	CMU	MSU	WSCU	CSU	Ft. Lewis	CU	Mines	UNC	CCCOES	Total
Resident	13,041,119	57,902,411	106,429,795	9,483,907	249,577,322	11,497,847	495,644,425	55,712,029	73,646,845	243,594,314	1,316,530,014
General I	14,775,167	28,427,747	56,499,440	12,780,772	151,026,813	12,210,225	213,193,471	22,374,275	41,808,556	167,586,896	720,683,362
total	27,816,286	86,330,158	162,929,235	22,264,679	400,604,135	23,708,072	708,837,896	78,086,304	115,455,401	411,181,210	2,037,213,376
	3.3%	5.1%	5.1%	5.9%	5.0%	3.3%	4.9%	3.3%	3.9%	5.4%	4.9%

ISSUE: PURSUING MASTER PLAN GOALS – THE “LAST DOLLAR SCHOLARSHIP” OPTION

A number of states have launched “free college” initiatives that cover the last dollar between students’ other sources of financial aid and higher education tuition and fees. Tennessee’s free community college initiative appears to have significantly boosted postsecondary enrollment among Tennessee high school graduates at relatively low cost. This issue explores the costs, benefits, and challenges to launching “free college” and other initiatives to increase postsecondary participation and completion among Colorado high school graduates.

SUMMARY

- The Tennessee Promise offers community college free of tuition and fees to any recent Tennessee high school graduate who applies, completes mentoring and community service requirements, completes federal financial aid applications, and attends full time. The program is a “last dollar” scholarship, meaning that the aid covers the balance between existing aid from state and federal sources and the cost of tuition.
- The Promise has had a striking impact on higher education enrollment in Tennessee, with first-time freshman enrollment in public institutions up by 13 percent. Initial data indicate that students are continuing from year to year at higher rates than in the past and suggest that expanded enrollment may be matched with expanded postsecondary completion.
- This Program appears to have truly “moved the needle” on postsecondary enrollment a way that few other initiatives anywhere have. Many other states have now launched various forms of “free college.” The results are still pending.
- The Tennessee Promise, at full build-out cost of \$34 million—will likely represent no more than 2.0 percent of Tennessee’s higher education outlays. Similarly, the New York Excelsior program, which provides up to four-years of support, will likely cost no more than 3.0 percent of New York’s higher education budget.
- The cost of “free community college” initiative in Colorado would be approximately \$15 million in the first year and \$25 million in the second year. A last dollar scholarship to cover tuition and mandatory fees at all public institutions for students with need and household incomes up to \$75,000 would cost approximately \$10 million in the first year. If offered for up to four years, it would add an additional \$10 million per year in each of the subsequent three years, capping out at about \$40 million.
- While these costs are significant, \$30 million is 3.4 percent of the FY 2017-18 higher education General Fund budget. There are nonetheless sound objections to these initiatives ranging from which students benefit to administrative challenges.
- Other scholarship options could also support enrollment and completion among first-time freshman and make tuition and fees “free” for income-eligible students. Staff explores an approach that is more consistent with Colorado’s current financial aid approach.

RECOMMENDATION

Staff recommends the Committee sponsor a bill to direct \$6.0 million General Fund of the Department’s request for need-based financial aid to a program for first-time freshmen with need who

proceed directly to full-time enrollment in a Colorado public higher education institution and follow a clear pathway toward a degree or certificate.

DISCUSSION

THE TENNESSEE PROMISE COMPONENTS: In 2014, Tennessee adopted legislation to offer free community and technical college to any student graduating from a Tennessee high school (or receiving a GED) who complies with various requirements.

- Apply by November 1 of their high school senior year and begin community college, technical college, or another eligible Tennessee institution offering an associate degree program. The program is also available to those completing a GED before age 19.
- Complete the federal student aid application form (FAFSA) and associated documentation each year.
- Attend two mandatory meetings with a community mentor (in a group setting at the high school), starting in the high school senior year. Remain in email contact with their mentor from the spring of their final high school year through their first semester of college.
- Complete 8 hours of community service before each semester of college. The first requirement must be met by July 1 of the summer before the fall term.
- Attend college full time (at least 12 credit hours per semester) beginning in the fall after high school graduation and maintain a GPA of at least 2.0.

The program is a “last dollar” scholarship, meaning that Tennessee provides the *balance* of funds required to cover a student’s tuition and mandatory fees (but not living costs) after other federal and state grants are applied.

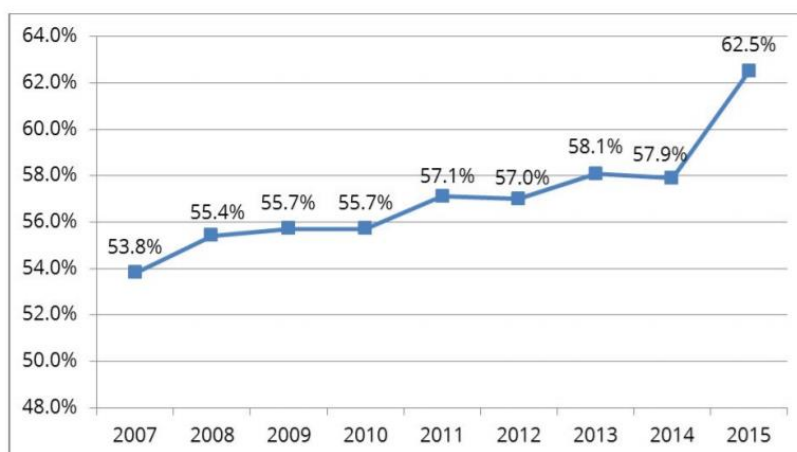
The Fall 2016 Promise cohort represented 22.6 percent of all graduating high school seniors (16,790). Of participating Promise students, 34 percent are eligible for a full Pell grant and 53 percent receive any Pell. Eighty-five percent of students enrolled at community colleges or public four-year institutions with associates degrees, with most of the remainder enrolled in Tennessee’s network of public technical colleges.

PROGRAM RESULTS: The first cohort of students began college FY 2015-16.¹⁴ So far, the program appears to have had impressive impacts.

- **From Fall 2014 (pre-Promise) to Fall 2015 (Promise implemented), full time freshman enrollment at Tennessee public higher education institutions increased by 10.1 percent**, from 46,030 to 50,699. The increase from 2014 to 2016 is **13 percent**. The changes included a 30 percent increase in full time freshmen at community colleges and 32 percent increase at Tennessee technical colleges, with an offsetting decline in participation at some four-year institutions. The increases in public higher education participation largely reflect an overall increase in college-going among Tennessee high school graduates.

¹⁴ For additional information, see the Tennessee Promise annual report. https://www.tn.gov/assets/entities/thec/attachments/2017_TN_Promise_Report.pdf.

Figure 5. College-Going Rate of Tennessee High School Graduates, 2007-2015



Source: Tennessee Promise Annual Report 2017

The college-going rate for Tennessee high school graduates is now above that of Colorado students. For comparison, Colorado high school graduates enrolled in college at the rate of 55.8 percent in 2014 and 56.5 percent in 2015—as opposed to Tennessee’s 62.5 percent in 2015.

- Despite higher enrollment, **student persistence (continuation in college) has not declined:** 63 percent of Promise students in the first enrollment cohort re-enrolled in FY 2016-17, compared to 58 percent for first-time freshmen who entered community college before the Promise program began. *Completion* rates are not yet available.
- The Tennessee FAFSA filing rate (applications for federal assistance) have increased dramatically, so that 70.3 percent of high school seniors applied in 2016. This is well over the national average of about 60 percent. Colorado’s rate is 49 percent.
- Student loan rates have declined. Compared to Fall 2017, 17 percent fewer students originated federal student loans in Fall 2015, and the average loan decreased.
- Tennessee has been so pleased by its outcomes that it has now created a parallel program for working adults.

PROGRAM COST:

- The cost of the Tennessee Promise program was \$15.2 million in its first year, \$25.3 million in its second year, and is projected to be \$33 million in its final year, when fully mature in FY 2017-18. The *average* cost per student in FY 2016-17 was \$1,090 including those who received \$0 because they had other grants.
- For context, the 2016 annual SHEF report, which compares public support for higher education across states, put total state support for higher education in Tennessee in FY 2015-16 at \$1,639,625 and FTE enrollment at 185,543 students (the number of students is similar to Colorado’s, though state support in 2016 was almost double). *Thus, this program at build out will be no more than 2.0 percent of Tennessee higher education outlays.*

BASIS FOR SUCCESS?

- Tennessee officials emphasize that this is a **mentoring** program, as well as a scholarship program and note that a strong regional mentoring program pre-dated the statewide program.
- Many feel that the program is so successful precisely because it offers a **universal benefit** and easy **messaging**, thus ensuring that there is no stigma attached to applying and a large share of the high school graduating class is engaged. Even without the sophisticated mentoring in Tennessee, Oregon's free community college program drove an 18.1 percent increase in freshmen attending Oregon community colleges (from 5,709 in 2014 to 6,475 in 2015).
- Many others note that the Tennessee Promise is one of a significant number of initiatives launched in Tennessee under the State's "Drive to 55" attainment goal. This includes programs designed to greatly reduce the need for remediation at the college level.

CRITIQUES OF THE TENNESSEE PROGRAM AND SIMILAR OREGON FREE COMMUNITY COLLEGE INITIATIVE

Funds disproportionately support better-off students.

- **The most common critique of this initiative is that it benefits wealthier students, rather than the poorest students.** In Tennessee's version of the program, there is no "means testing", so any Tennessee student who wishes to attend community college and follow the program requirements may attend for free.
- Since community college costs are largely covered by the federal Pell grant and other state grants for students with significant financial need, this means that **most of the additional money spent on the program is directed to higher income students who choose to attend community college.** This is true of all "last dollar" scholarships.
- The largest cost of college attendance is typically the living costs for students (housing, food, books, etc.). While many students may be able to remain at home with family while they attend college, low income students are far more likely to need to work to support themselves and other family members. Given this, *many critics object to directing additional tuition and fee support to middle- and upper-income families when the full cost of attendance is not addressed for low-income students.*
- **Oregon's** program attempted to address this by promising all Oregon students at least \$1,000 scholarship, even if their other sources of aid covered their tuition and fees. Nonetheless, the majority of new state resources in Oregon went to subsidize better-off students, with about sixty percent of funding supporting students with the top forty percent of incomes. The **New York** free college (Excelsior Scholarship) program, which funds students attending both two- and four-year institutions is explicitly billed as targeted to the middle class.

Free community college may incentivize students to attend two-year instead of four-year institutions, even if the students qualify for the four-year institutions.

- Tennessee saw the following changes in first-time resident freshman enrollment at two- versus four-year schools:

Change in First-Time Freshmen Enrollment by Sector, Fall 2014 to Fall 2015

	FTF Enrollment Fall 2014	FTF Enrollment, Fall 2015	Percent Change
TBR Community Colleges	17,379	21,679	↑ 24.7%
TCATs	8,691	10,432	↑ 20.0%
University of Tennessee	7,977	-7,611	↓ -4.6%
TBR Universities	11,983	10,977	↓ -8.4%
Total	46,030	50,699	↑ 10.1%

Source: Tennessee Promise Annual Report

- **Whether such enrollment shifts are good or bad *for students* depends on the quality of the different schools and how effective they are at meeting student needs.** Some studies indicate that similarly-qualified students are more likely to persist and complete at a four-year institution than at a two-year institution due to the level of supports available. However, community colleges deliver education at a far lower cost-per-student than 4-year institutions, and can provide high quality educational experiences.
 - Based on data in LaunchmycareerColorado.org, a student earning a baccalaureate degree in liberal arts at CSU-Fort Collins and a student earning an associates degree in liberal arts at Front Range Community College will both have starting salaries in the mid to upper \$20,000s and similar mid-career earnings of less than \$60,000, although the net cost of the CSU degree (\$64,719) is more than double the net cost of the community college degree (\$18,244). In general, people with baccalaureate degrees have better earnings and lower unemployment than those with less education, yet many certificate and applied science degree programs provide *better* earning-potential than a generalist degree from a four-year school.
 - At the same time, the likelihood that a student will actually complete a degree at Front Range Community College is far lower than the likelihood of completion at Fort Collins. Even students attending full-time at Colorado public community colleges have only a 50 percent chance of completing a degree within three years. While this may be explained largely by the poorer preparation of the community college students, four-year institutions have increasingly pushed students toward on-campus, more encompassing college experiences based on evidence that this improves the likelihood that the students will complete.
- **Regardless of the impact on students, four year *institutions* may view free community college as a financial threat.** Lobbying efforts by four-year institutions may have been factor in the failure to fully cover the Oregon program's costs in its second year. On the other hand, Tennessee feels that its program has instead forced four year schools to improve their own recruitment and retention efforts--and notes that the Promise will significantly increase the number of students qualified to transfer to four-year schools. In *Tennessee, four-year institutions offering two-year degrees, as well as some private institutions, may participate in the program, and this appears to have blunted some related concerns.*

Cost Risks to the State.

- While staff sees the cost of these programs as quite reasonable in the context of higher education budgets, their intended result—increased enrollment—means that the more effective they are, the more they are likely to drive additional state costs. The Oregon program has been restructured for its second year, in part due to higher cost estimates (costs for *two years* in Oregon’s biennial budget were re-estimated at \$48 million, rather than the \$40 million originally anticipated). Recent changes restrict the program to lower-income students and thus make it far more like other programs targeted to low income students.
- To the extent programs markedly increase overall enrollment in an institution, the institution may require additional base resources for activities such as student supports. Such funds must either come from the State or may drive a need for higher tuition rates for students who do pay.

Institutional capacity.

- Tennessee managers point to mentoring and community service, starting in high school, as critical elements of their program. In Tennessee, these program components are managed by large non-profit partners that employ significant staff (18 at the largest of the three non-profits) and that enjoy outside funding support. The largest partner pre-dated the State program and thus has many years of experience managing these services. While some similar activities may be managed by higher education institutions, Tennessee’s capacity to reach down into high schools and provide hundreds of volunteer mentors is difficult to replicate.

“FREE COLLEGE” INITIATIVES IN OTHER STATES

The remarkable success of the Tennessee Promise has led many other states to attempt to replicate it. According to the Education Commission of the States, from 2014 to 2017, 35 states considered 80 bills related to free college.¹⁵ At least eight states had enacted free college legislation as of summer 2017. Oregon, Rhode Island, and Nevada have all enacted free community college legislation. New York has adopted a pram to provide free tuition at all state institutions (2 and 4 year) for families with incomes up to \$125,000. Several other states, including Kentucky, and Arkansas, have adopted free college programs that are targeted to degrees in certain industries or high needs fields. Each program includes different restrictions and requirements.

“Free College” Variation #1 – The New York Excelsior Scholarship. Beginning in FY 2017-18 the Excelsior Scholarship supplements aid programs available for New York state residents at both two- and four-year institutions to provide a “last dollar” scholarship covering tuition and fees.

- The program includes an income cap starting at \$100,000 and expected to increase to \$125,000 by 2019.
- A student must be working on his or her first bachelor’s degree and must attend full time (30 credits per year), completing within four years.
- A student must work in-state for as many years as he or she received the grant or the grant is converted to loans.
- The program is expected to cost \$87 million its first year to serve 23,000 students, and \$163 million by its third—however, these figures must be understood in the context of New York’s \$5.6 billion

¹⁵ Education Commission of the States, “Free College and Adult Student Populations”. <https://www.ecs.org/free-college-and-adult-student-populations/>

higher education budget: the total cost even at year 3 will presumably be less than 3.0 percent of New York's higher education outlays.

Although it's far too early to see results, *the programs' critics are concerned about a middle class benefit in an environment in which low-income students don't receive enough support.* Some also anticipate that the requirement to remain in New York after graduation may have a chilling effect on enrollment.

“Free College” Variation #2 – Jobs-targeted Scholarships. Arkansas and Kentucky have recently launched last-dollar scholarships that are more narrowly targeted to particular high-demand technical degrees. For example, the Arkansas program, effective in FY 2017-18, is:

- Limited to STEM or another high demand field at community or technical college
- Serves students regardless of whether they are traditional or non-traditional (part-time and older), with no minimum GPA requirement.
- Provides support for up to five semesters or until the student has received an associate's degree.
- Requires participants to receive monthly mentoring from a mentor designated by the Department
- Requires participants to complete at least 15 hours of community service for each semester the student receives a grant.
- The student must reside and be employed within Arkansas for three years after obtaining the degree or certificate. The program converts to loans if students don't fulfill requirements.
- Estimated to cost of about \$8 million and serve approximately 7,000 students.

This program is also far too young to see results. However, *critics note that this more narrowly-targeted program is less likely to drive the kinds of enrollment bump available from the Tennessee program. This is particularly true given the condition that grants convert to loans if students do not comply with all program requirements.*

GOALS OF A “LAST DOLLAR” OR SIMILAR SCHOLARSHIP PROGRAM IN COLORADO

Staff worked with the Department of Higher Education to explore several options for last-dollar scholarship programs. **Staff encourages the JBC to explore with the Department and the institutions whether any of these initiatives—or variations on them—are likely to be effective in meeting State Master Plan goals.**

In considering available options, the staff goals were as follows:

- **Increase postsecondary enrollment** directly out of high school among sectors of the population that are not currently attending. This includes, particularly, low income, first-generation to attend college, and underrepresented minority students.
- Ensure that expansion of the student population does not result in *poorer* outcomes and helps, rather than hurts, these students.
- **Increase postsecondary completion rates** and efficiency-to-degree by incentivizing *both* expanded student populations and current traditional student populations to adopt behaviors known to increase completions and time-to-degree, i.e., take 30 credit hours, follow a degree pathway, take freshman English and math during the first year if required for the student's degree progression.

- Help **ingrain the idea among high school students, their parents, and counselors that education is not over when the student receives a high school diploma.** If we want 66 percent of adults to have a postsecondary credential, students should not consider education done until they've got that.
- **Limit costs and limited financial risks to the State.** In recessions, the higher education budget always sustains significant cuts and typically sees increases in student populations. Any new initiative must be sufficiently modest in cost that it is not suspended the moment the State faces an economic downturn.

No option will be a “silver bullet” for addressing state master plan goals. **The options shown below would address *only* traditional student populations and, to be most effective, should be paired with other initiatives that support successful college participation.**

COSTS OF A “LAST DOLLAR” OR SIMILAR SCHOLARSHIP PROGRAM IN COLORADO

All of the options considered by staff included the following components:

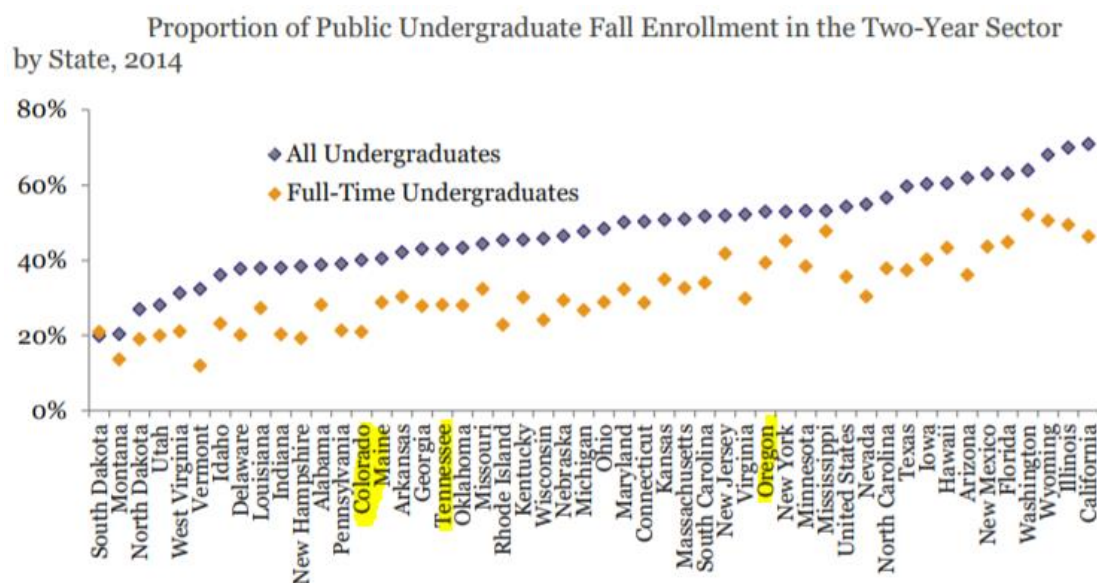
- Program is available only to students continuing in public higher education directly upon graduation from a Colorado high school or receiving a GED under age 19.
- Program is available only to students attending full time, defined as no less than 12 credit hours per semester and 30 credit hours per year. A student may only take less than 15 credit hours per semester of his or her degree plan and college offerings will allow the student to complete 30 credit hours over the course of the year. Support for each new semester is contingent on meeting program requirements for the prior semester.
- Student must meet with a counselor, adopt a degree/certificate plan, and take courses consistent with that plan, including completing college English and math requirements in the student's first year. College must ensure that the necessary courses are available.

The following table describes the high school class of 2015 that enrolled in Colorado public postsecondary institutions in FY 2015-16.

FULL-TIME RESIDENT FRESHMEN ENTERING STATE PUBLIC INSTITUTIONS FROM CO HIGH SCHOOLS		
CO high school graduates in 2015	53,128	
Of these, students enrolling in in-state institutions Fall 2015	22,951	
Of these, students attending public institutions full-time (at least 24 credit hours)	17,774	
Attending four-year institutions	14,514	(82%)
Attending two-year institutions	3,260	(18%)
Of these, assessed as having financial need, defined as Cost of attendance > Expected family contribution		
All with need (both eligible for Pell and not)	8,283	(47%)
Eligible for any federal Pell grant	5,344	(30%)
Eligible for maximum federal Pell grant	1,661	(9%)

Note that:

- First-time full-time resident freshmen with need (8,283) represent less than five percent of the approximately 180,000 FTE students who attend Colorado's public institutions of higher education.
- The 3,260 first-time full-time freshmen attending community college represent less than one percent of the student FTE in the community college system. A relatively small share of Colorado's total student population is enrolled in its two-year sector, compared with other states. "Traditional" age students represent only about 40 percent of the Colorado community college system's enrollment, and many of these attend part time.



Sources: NCES, IPEDS fall enrollment data, 2014; calculations by the authors.

Source: Ma and Baum, Trends in Community Colleges: Enrollment, Prices, Student Debt, and Completion. The College Board, April 2016. <https://trends.collegeboard.org/sites/default/files/trends-in-community-colleges-research-brief.pdf>

Option A – Universal community college free tuition: “Last Dollar” universal scholarship at Community Colleges and Local District Colleges for full-time students beginning at age 19. This could include four-year institutions offering associates’ degrees (Adams State University, Fort Lewis College for agricultural programs, Colorado Mesa University) but with a reimbursement rate cap.

JBC staff’s rough estimate of the cost of such an initiative would be **\$15.0 million General Fund in year 1, annualizing to approximately \$25.0 million in year 2** for serving estimated 6,000 FTE in year 1 and about 9,500 FTE in year 2. This estimate is based on students now enrolled in the community college system, local district colleges, and Colorado Mesa University and the average cost per student in the community college system. If the Committee wished to pursue this option, the calculations would need to be further refined. Among other adjustments, area technical college data is not yet included. This calculation results in a cost of \$2,563 per person, which substantially exceeds the costs in Tennessee and Oregon of about \$1,000 per person. This is in part because community college tuition and fees in Colorado are \$1,000-\$1,500 more than the cost in these other states.

Option B – Income-capped or need-based free tuition at all public institutions. In response to staff questions, the Department has run a variety of scenarios to determine the ‘last dollar’ that would be required to pay tuition and fees at all Colorado institutions for Colorado resident students who proceed directly from high school to a public higher education institutions (2 and 4 year). Data provide by the Department of Higher Education indicate:

- **Students with Maximum Pell:** For the approximately 1,800 first-time full-time resident freshmen who are eligible for the maximum federal Pell grant, state need-based grants, institutional and other aid is consistently enough to cover tuition and mandatory fees for at any public institution. **The State may wish to advertise this to high school students.** *Freshmen who qualify for the maximum Pell grant have a very low average adjusted gross household income: \$15,921 on average.* The federal government considers their “expected family contribution” to be \$0. Although tuition and fees and often a portion of books and living costs are covered for such students, support is almost never enough to cover their cost of attendance and they do not have other resources, so they usually must take loans as well as work to pursue a degree.
- **Students with Need with an Adjusted Gross Income (AGI) under \$75,000/Other Pell-eligible students:** For approximately 4,800 first-time full-time freshmen who are not eligible for Maximum Pell but who are either eligible for Pell or have a household income under \$75,000, it would have required \$7.2 million, or about \$1,075 per student, to fully cover tuition and fees with grant aid in FY 2016-17. Just \$2.4 million (\$614 per student) would have been required to ensure that all 3,973 students with a Pell grant bur but not a maximum Pell grant had tuition and fees covered. *The average income for students with a Pell grant but not a maximum Pell grant is \$32,051, and the average income for all students with an AGI under \$75,000 is \$30,697.* After adjusting for inflation and a potential 30 percent boost in enrollment, staff estimates:
 - ***Approximately \$10.0 million would be required in the first year to provide a “last dollar” scholarship for those who are Pell eligible or have an AGI under \$75,000.*** This would annualize to approximately \$20.0 million in year 2, adding an additional \$10.0 million per year for up to 4 years, at which point costs would increase only by inflation and population growth. (See attached spreadsheets for additional detail on the calculation and assumptions, which build in retention and inflation.)

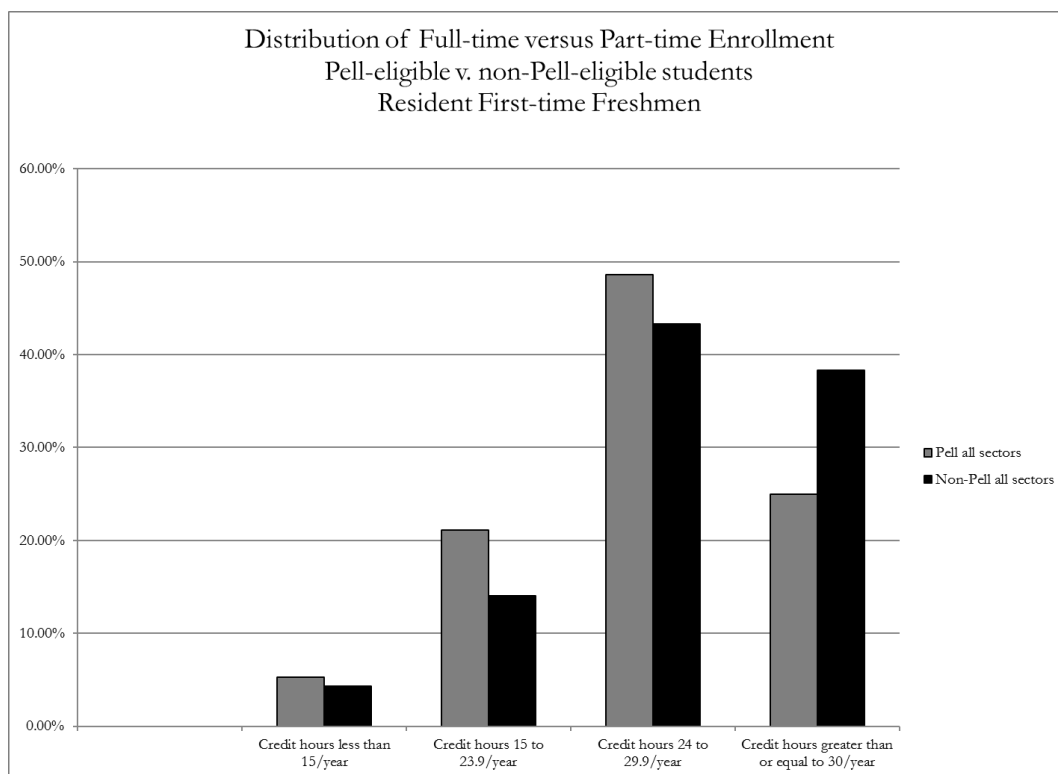
	Cohort 1	Cohort 2	Cohort 3	Cohort 4	Total Annual
Year 1	\$9,932,143				\$9,932,143
Year 2	8,870,395	10,537,011			\$19,407,406
Year 3	8,730,478	9,410,602	11,178,715		\$29,319,795
Year 4	8,093,153	9,262,164	9,983,708	11,859,498	\$39,198,524

- ***Limiting to Pell-eligible students, the program would cost approximately \$3.4 million the first year*** (including a 30 percent enrollment bump) **and up to \$13.2 million by the fourth year if an additional class were added each year.** Actual costs would be affected by federal Pell decisions, growth in tuition, actual enrollment bumps, and retention/attrition. It is likely that total costs would be lower, as it is uncertain how much of an enrollment bump would be generated by a program of this type.
- **All students with Need (Cost of Attendance Exceeds Expected Family Contribution):** To cover the gap between tuition and mandatory fees for all students with need, the **estimated cost**

for one year is expected to be approximately \$32 million, assuming a 30 percent enrollment bump. The majority of funds would be required for the students not eligible for Pell (3,300 in FY 2015-16, increasing to perhaps 4,300), including those with mid-range incomes. *The average household income for a family deemed to have need that is not eligible for a Pell grant is \$88,532.* If the General Assembly chose to pursue this option, staff anticipates that it would not annualize to more than a second year at most, given the overall cost.

Options C – Student incentive scholarship. A Scholarship “bump” could be added to existing need-based grant program for any first-time resident freshman with need who agrees to take 30 credit hours per year, adopts a degree pathway, and follow other requirements. If we assume this includes all students currently receiving the Pell grant and attending full time, this would be about **6,000 students (5,714 in FY 2016-17) and would cost about \$6.0 million at a rate of \$1,000 per Pell-eligible student.** Such an additional grant would **also** likely be sufficient to ensure that all Pell eligible students’ tuition and fees are fully covered, given the estimated cost of \$2.5 million to fill this gap in FY 2016-17.

As reflected in the chart below, Pell students are far more likely than other students to attend part time or, if attending full-time, to take less than 30 credit hours. This is understandable, given the additional financial burdens Pell-eligible students face, which tends to push them toward working additional hours. However, it also greatly reduces students’ odds of ever completing their degrees.



An analysis using National Student Clearinghouse data, which tracks postsecondary students across institutions and state lines, found:¹⁶

¹⁶ Shapiro, D et. al., *Completing College: A State Level View of Student Attainment Rates, (Signature Report No. 12 a)*, National Student Clearinghouse Research Center, March, 2017

- At four-year Colorado public institutions, 80.2 percent of full-time students ultimately complete somewhere, though some of those (2.6 percent) complete at a two-year institution. **Among part-time students, only 16.3 percent ever complete.**
- At two-year Colorado public institutions, 50.1 percent of full-time students ultimately complete somewhere, with 18.8 percent completing at a 4-year institution (either with or without completing their two-year degree) and 31.3 percent completing their highest degree or certificate at a 2-year institution. **Among part time students, only 25 percent ever complete.**

Some of the factors that lead students to attend part-time may also reduce their odds of completing at all. However, staff of Complete College America, which has been working with the Department on its college completion initiatives, emphasizes that students who otherwise look the same are far more likely to complete—and complete promptly—if they can be pushed to attend full time. Various states have adopted “15 to finish” campaigns to help students understand that merely taking 12 credit hours per semester, the minimum required under the Pell grant program to be counted as “full time” will not enable a student to complete an Associate’s degree in two years or a baccalaureate degree in four.

It may be particularly timely to offer a “bump” for 30 credit hours per year in light of new federal policies that restore year-round Pell. Effective July 1, 2107, students are again able to access federal Pell support during the summer. Year-round Pell allows students to receive up to 150 percent of a regular grant award over the course of the academic year so that they can continue taking classes in the summer and finish their degrees faster than they would otherwise. Thus, a working student might still be able to take less than 15 credit hours during a semester and make up the balance of credit hours over the summer and still complete his or her degree on time.

STAFF RECOMMENDATION

Staff recommends that the Committee sponsor legislation built around Option C, above. Specifically, staff recommends a bill that includes the following components:

- The Colorado Commission on Higher Education must develop a financial aid program to provide incentives for resident first-time freshmen with need to attend full-time and participate in other activities that will enable the student to complete within 100 percent time of the student’s degree plan. This would include 2 years for an associate’s degree, the specific time required for a technical certificate, or 4 years for a baccalaureate degree.
- “Need” for the purposes of this program would be defined as eligibility for the federal Pell grant program, but the CCHE would have authority to adopt a different definition if required by changes in the federal Pell grant program, changes in student demand, or changes in available support. It would be required to inform the General Assembly of any such changes.
- To be eligible for this program:
 - A student would be required to attend full-time, defined as 30 credit hours during the academic year. A student may only take less than 15 credit hours per semester if his or her

<https://nscresearchcenter.org/signaturereport12-statesupplement/>

degree plan and college offerings will allow the student to complete 30 credit hours over the course of the year. Support for each new semester must be contingent on meeting program requirements for the prior semester.

- The student must meet with a counselor, adopt a degree/certificate plan, and take courses consistent with that plan, including completing college English and math requirements in the student's first year.
- An institution of higher education participating in this program must ensure that the necessary courses are available, and students must be informed of the college's obligation.
- The CCHE may delegate some related administrative functions to the institutions, as it currently does for other financial aid programs. However, the institutions/governing boards must comply with program requirements outlined in CCHE rules, conform to related CCHE reporting requirements, and be subject to audit to ensure compliance with the program, including the components related to degree pathways and course offerings.
- Subject to available appropriation, including on the amount appropriated for this program and other state appropriations for need-based aid, the Department of Higher Education and the governing boards shall collaborate to ensure that tuition and mandatory fees for students participating in this program are fully covered by grant aid.
 - The CCHE shall make an annual determination of whether funds are sufficient for this guarantee. The CCHE may establish maintenance-of-effort, matching funds, or related requirements to ensure that the institutional aid commitment to this population does not erode.
 - The Department of Higher Education, the Department of Education, and governing boards shall collaborate to help ensure that high school students are aware of this program.
- Funding the program would be included in the bill itself, to help ensure the bill's smooth passage. The total amount of \$6.0 million is less than half the Department's requested increase for financial aid. *However, like other options presented, to continue to provide this benefit for student cohorts, this amount would need to annualize, potentially increasing to up to \$24 million by the fourth year, if the General Assembly supported a four-year commitment.*
- The bill could also potentially include other substantive changes to the financial aid statutes, including provisions requested by the Department to allow it to implement a student emergency grant program and some cleanup of financial aid statutes that no longer accurately reflect current practice.

WHY THIS OPTION?

SUPPORT FOR STATE MASTER-PLAN GOALS: As outlined in the staff issue on the Master Plan, the State has made remarkably little progress achieving state Master Plan goals. Staff believes this initiative could help move the needle by:

- 4 *Supporting postsecondary enrollment for low-income students:* For the lowest-income students, making higher education more affordable and thus promoting postsecondary *enrollment* at a point in students' lives when both they and society as a whole are most likely to benefit. Students who move directly from high school to post-secondary are positioned to build on their high school education before key skills are forgotten, are less likely to be burdened by obligations such as supporting their own children, and have the most years in front of them from which to benefit from their education. Staff hopes the bill will also support clearer messaging to these students. *Low-income Colorado high school students need to be informed that college is free for them (no tuition/ mandatory fees) at any institution in the State.* This initiative targets only one part of the student population, but it is an important part.
- 5 *Providing meaningful financial incentives to students to attend full-time and complete efficiently:* Students who attend full-time are far more likely to complete their educations. As college has become more and more expensive, the length of time students spend completing their degrees has increased astronomically. Although students who work long hours and thus limit their course load may feel that they are making prudent financial decisions, the "slow path" is actually costly. Adding an extra year or two of living costs greatly expands the cost of a two- or four-year degree.
- 6 *Pushing institutions to assist students to complete efficiently through degree pathways:* Many higher education institutions are already working to help guide students along clearer degree pathways. This bill may help provide a further incentive. Since the bill targets a relatively small share of the student population that is most likely to be receptive, it offers a good entry point for those institutions that have not yet made much progress developing degree pathways.

EASE OF ADMINISTRATION: The CCHE currently allocates need-based financial aid to the higher education institutions using a formula based on the number of Pell-eligible students at the institutions. This proposed initiative builds on the existing structure and enables a straightforward mechanism for allocating funds with minimal additional administrative burden.

THOUGHTS ON THE UNIVERSAL FREE COMMUNITY COLLEGE OR INCOME-CAPPED FREE POSTSECONDARY EDUCATION: Staff is intrigued by the various "free college" initiatives being tested throughout the country. "Some college" is the new high school, i.e., the educational standard for our population is changing. If 74 percent of jobs in 2025 require "some college", "some college" should be the education provide by our public educational systems. Students should understand that their education is not done until they have adequate training to enter the job market: at least a solid certification of some kind. Public educational systems need to evolve to align with this.

Ultimately, staff believes that more changes will be needed to truly "move the needle" and achieve state master plan goals. Universal free community college tuition or even an income-restricted free tuition and fees at public institutions could potentially be a step along this path. **The staff recommendation represents an effort to achieve some of the benefits of a "free college"**

initiative while avoiding some of the knottier problems associated with a “last dollar” approach. Some relevant considerations:

- Funding a “last dollar” scholarship requires diverting funds from other parts of the higher education budget, including tuition buy-down efforts. If the State provides free community college to all, those funds would support higher income students who *choose* to attend community college. This is not an easy trade-off.
- Tennessee’s program has been impactful in part because there is a non-profit, staffed administrative structure in place to help move students smoothly from high school to community college. Colorado does not appear ready to launch this kind of structure—particularly without a focused buy-in from the administrative branch.
- Most Colorado students are educated at four-year institutions. To educate the most students for the least money, Colorado may need to expand its two-year higher education system. However, completion rates at two-year schools are generally under 20 percent, and staff is hesitant to push students from four-year institutions *into* two-year institutions. Such an initiative could also contribute to the financial woes of some of the state’s weaker 4-year institutions.
- The broader the benefit, the greater the cost, the more impact. Simply providing free college to all students at both two- and four-year institutions without an income limit would doubtless boost enrollment but would also be beyond the state’s financial resources. Yet a narrow benefit, e.g., for students “with need” who have incomes up to a particular amount, may not look very different from the benefit structure that already exists and thus may not provide much boost to enrollment.
- A number of institutions have raised concerns that if a benefit is offered for only 1-2 years at a four-year institution, this could *increase* the number of students who fail to complete by damaging retention.
- Providing “last dollar” scholarship funding to institutions that have considerable freedom to set their own tuition and fee rates may unfairly penalize institutions with low tuition and create perverse incentives. If not properly structured, such a program could encourage institutions to redirect funds in ways that would increase the state’s financial responsibility.
- Any kind of program that seeks to boost enrollment by publicizing that it is “free” will be most effective if state leadership energetically publicizes it. An election year is not the best for this. The bill recommended by staff includes a component to help support “free college” messaging, but staff recognizes this piece of the initiative may be slow to launch.

None of the initiatives launched by other states has gone as far as the staff proposal to push students toward full-time attendance and schools toward degree pathways. However, these components align closely with the State Master Plan.

APPENDIX: “FREE COLLEGE” OPTIONS – ASSUMPTIONS AND CALCULATIONS

Option A – Free Community College No Income Restriction – Last Dollar Scholarship

- Restricted to first-time freshmen graduating Colorado high school, immediately entering community college and other public institutions providing 2-year degrees, and attending full time.
- FY 2017-18 state community college system tuition and fees of \$4,826 are assumed to apply to all institutions for this exercise.
- Average state, federal, and other grants for full-time Pell eligible students at 2 year institutions of \$5,775 (FY 2016-17 data).
- Average grants of \$1,245 for students with need who are not Pell eligible (FY 2015-16 data).
- 5,270 qualifying first-time full-time freshmen at the community college system, local district colleges, and Colorado Mesa University.
- Assumes 45% students are Pell eligible and receive \$0 additional support beyond their current financial aid; 16% students have need and have grants of \$1,245 to help offset additional state support; 38% receive no aid currently and thus would need to have tuition and fees fully covered through additional state grants.
- Assumes a 30 percent increase in enrollment based on availability of “free” college.
- Assumes 60 percent retention rate in year 2.

Option B – Free College at All Public Institutions for Income-qualified – Last Dollar Scholarship

- Restricted to first-time freshmen graduating Colorado high school, immediately entering a public institution of higher education, attending full time and qualifying based on income.
- Eligibility restricted to students eligible for Pell grant or household income less than \$75,000.
- For version shown, uses FY 2016-17 enrollment and financial aid data as a starting point.
- Assumes annual inflation of 3.0 percent.
- Assumes initial 30 percent enrollment bump in the first year, followed by natural enrollment growth of 3.0 percent.
- Assumes annual retention of 90 percent at 4-year institutions and 60 percent at 2-year institutions.
- Assumes half of students completing their second year at community college will transfer to a four-year institution.

Option A calculations	Pell students (FY 2016-17 financial aid data for age group)	Need but no Pell (FY 2015-16 financial aid data for age group)	Balance non-Pell students (SURDS - balance of FT freshmen)	Total	Total FTE
State Community College System and Aims CC	1,674	555	949	3,178	
Colorado Mesa University	255	137	725	1,117	
Colorado Mountain College	144	46	74	264	
Total FTE assumed	2,073	738	1,748	4,559	
Total assumed grants	11,971,977	918,478	0		
Tuition and Fees	9,950,400	3,542,400	8,390,400		
Estimated Cost without change in per student cost or enrollment	n/a	2,623,922	8,390,400	11,014,322	4,559
Increase for enrollment				3,304,297	1,368
Total 1st year cost before inflation				14,318,619	5,927
1st year with inflationary adjustment				14,748,178	
Assumed 2nd year annualization				23,597,084	
Assumed 2nd year with annualization and inflation				24,304,997	9,483
Share of students in each category	45%	16%	38%	2,563	
Tuition and Fee Rate assumed	4,800	approx FY 18			
weighted avg grants (all sources) at 2 year institutions in 2017	5,775				
weighted avg grants for need but not Pell in 2016	1,245	d			
Inflation assumed to get FY 2018-19 cost	3%				
Increased enrollment	30%				
assumed 2nd year retention	60%				
assumed 2nd year inflation	3%				

FY 2016-17 Balance of Aid Required to Cover Tuition and Mandatory Fees for Full time Resident Freshmen with Need who were 18 or 19 Years Old																
		Students with Maximum Pell Grant			Students with Pell Grant but Not Maximum Pell			Students not Eligible for Pell but with Income<\$75,000			Total - Students Eligible for Pell or with Income Under \$75,000			Contextual - Comparison of Affected Students and Funds to Current Institutional Students and Aid		
	FY 2016-17 Tuition + Mandatory Fees	Max Pell Number of FTE	Curent Avg. Scholarship	Additional Funds Required to Fully Cover Tuition and Fees*	Pell but not Maximum Pell Number of FTE	Current Avg. Scholarship	Additional Funds Required to Fully Cover Tuition and Fees*	Students with Need and income< \$75,000 Not Eligible for Pell Number FTE	Curent Avg. Scholarship	Additional Funds Required to Fully Cover Tuition and Fees*	Total FTE in all categories	Total Cost all categories	Avg Additional Funds per/FTE	FTE in Identified Categories as % Total Institutional FTE	Current Institutional Aid for Affected Population	Total Institutional Financial Aid FY 2016-17 - Resident Undergraduates Enrolled at Least Half Time (Need & Merit)
2-Year Public																
Aims Community College	\$2,225	61.0	\$9,628	\$0	129.0	\$5,699	\$0	24.0	\$2,866	\$0	214.0	\$0	-	6.2%	\$21,115	\$964,398
Arapahoe Community College	4,311	15.0	8,600	-	59.0	4,218	5,508	21.0	821	73,281	95.0	78,789	829	1.9%	13,100	698,876
Colorado Northwestern Community College	4,521	5.0	8,990	-	20.0	4,045	9,527	4.0	1,313	12,834	29.0	22,361	771	3.8%	18,515	589,483
Community College of Aurora	4,357	25.0	8,546	-	79.0	4,451	-	16.0	635	59,545	120.0	59,545	496	2.8%	846	176,561
Community College of Denver	5,131	57.0	8,608	-	163.0	4,768	59,122	20.0	3,102	40,574	240.0	99,696	415	4.4%	58,392	806,028
Front Range Community College	4,590	60.0	8,781	-	241.0	4,769	-	46.0	1,742	131,016	347.0	131,016	378	3.0%	44,679	845,780
Lamar Community College	4,523	12.0	9,508	-	22.0	5,800	-	9.0	2,124	21,589	43.0	21,589	502	7.3%	35,094	813,199
Morgan Community College	4,291	5.0	10,155	-	13.0	5,602	-	1.0	750	3,541	19.0	3,541	186	2.2%	2,211	134,135
Northeastern Junior College	4,710	19.0	9,162	-	71.0	4,674	2,538	17.0	2,791	32,620	107.0	35,158	329	8.6%	73,540	995,228
Otero Junior College	4,404	15.0	9,258	-	49.0	4,602	-	10.0	3,001	14,033	74.0	14,033	190	7.3%	55,796	1,324,716
Pikes Peak Community College	4,414	55.0	8,942	-	227.0	4,753	-	58.0	1,176	187,829	340.0	187,829	552	3.8%	6,674	253,341
Pueblo Community College	4,675	17.0	8,229	-	75.0	4,105	42,753	8.0	938	29,900	100.0	72,653	727	2.9%	1,250	120,828
Red Rocks Community College	4,637	39.0	9,136	-	106.0	4,587	5,308	10.0	150	44,870	155.0	50,178	324	2.9%	11,867	193,957
Trinidad State Junior College	4,546	14.0	10,319	-	21.0	4,337	4,389	4.0	2,054	9,969	39.0	14,358	368	3.3%	36,395	1,184,295
4-Year Public																
Adams State University	9,153	89.0	12,875	-	121.0	7,864	156,027	17.0	6,139	51,234	227.0	207,261	913	9.0%	466,223	4,646,725
Colorado Mesa University	8,395	106.0	8,252	15,200	149.0	5,386	448,369	38.0	1,882	247,490	293.0	711,059	2,427	3.7%	74,157	9,955,516
Colorado Mountain College	1,960	38.0	9,069	-	106.0	5,591	-	20.0	3,062	-	164.0	-	-	5.1%	86,887	0
Colorado School of Mines	17,868	24.0	17,486	9,172	50.0	17,903	-	29.0	8,491	271,941	103.0	281,113	2,729	1.8%	776,710	20,877,149
Colorado State University	11,052	279.0	17,447	-	617.0	14,700	-	195.0	6,165	952,874	1,091.0	952,874	873	4.2%	6,341,085	59,107,759
Colorado State University - Pueblo	9,519	108.0	11,440	-	155.0	8,055	226,968	34.0	2,919	224,385	297.0	451,353	1,520	8.0%	485,935	2,063,730
Fort Lewis College	8,105	20.0	13,098	-	51.0	7,475	32,129	16.0	4,567	56,603	87.0	88,732	1,020	2.7%	117,260	2,413,313
Metropolitan State University of Denver	6,930	149.0	8,887	-	405.0	5,363	634,774	84.0	1,463	459,247	638.0	1,094,021	1,715	4.2%	262,597	5,845,119
University of Colorado Boulder	11,536	159.0	19,997	-	266.0	15,080	-	111.0	5,204	702,893	536.0	702,893	1,311	1.8%	4,217,560	83,806,221
University of Colorado Colorado Springs	9,860	138.0	10,655	-	216.0	8,374	320,929	68.0	2,545	497,393	422.0	818,322	1,939	4.2%	1,028,882	9,674,655
University of Colorado Denver	10,741	147.0	12,232	-	202.0	8,536	445,450	48.0	3,062	368,574	397.0	814,024	2,050	3.5%	734,544	11,436,284
University of Northern Colorado	8,888	104.0	14,533	-	289.0	9,058	-	62.0	5,946	182,419	455.0	182,419	401	5.1%	1,829,114	15,598,337
Western State Colorado University	7,753	17.0	11,139	-	35.0	7,026	25,437	18.0	2,898	87,397	70.0	112,834	1,612	3.2%	126,750	5,925,818
Total		1,777.0	\$12,507	\$24,372	3,937.0	\$8,277	\$2,419,228	988.0	\$3,771	\$4,764,051	6,702.0	\$7,207,651	\$1,075	3.7%	\$16,927,178	\$240,451,451

ISSUE: COLORADO OPPORTUNITY SCHOLARSHIP INITIATIVE

The Colorado Opportunity Scholarship Initiative (COSI) promotes public/private partnerships to fund scholarships and support services for gifted low-income students who might not otherwise pursue or complete higher education. COSI was initially seeded with a transfer of \$33.4 million from the CollegeInvest Financial Need Scholarship Fund. The Department requests a \$4.0 million General Fund increase for the program, bringing the appropriation to a total of \$9.0 million General Fund.

SUMMARY

- The General Assembly created the Colorado Opportunity Scholarship Initiative in 2014 to promote public/private partnerships to fund scholarships and support services for gifted low-income students who might not otherwise pursue or complete higher education.
- COSI was initially seeded with a transfer of \$33.4 million from the CollegeInvest Financial Need Scholarship Fund and a \$1.0 million appropriation. Since FY 2015-16, the General Assembly has appropriated \$5.0 million General Fund to the COSI Fund, from which the Department has continuous spending authority.
- The program offers two kinds of grants. It allocates grants totaling \$3.5 million per year to over 30 community partners that provide student support programs. These programs serve over 12,400 students across the state. It also allocates \$7.5 million per year to counties, higher education institutions, and workforce programs for student scholarships. Recipient entities must match the grants dollar-for-dollar.
- The Department requests a \$4.0 million General Fund increase for the program, bringing the appropriation to a total of \$9.0 million General Fund, to allow it to increase scholarship grant spending while maintaining its corpus.

RECOMMENDATION

Staff recommends a bill to eliminate the current restriction that not more than ten percent of the money in the COSI fund in any fiscal year may be awarded for student success programs and that no more than 3.0 percent of the money in the fund may be used for administration. This change will allow the program to spend down its corpus while maintaining grants for student success programs and administration at the current level. If the General Assembly also authorizes a \$2.0 million General Fund increase (instead of the \$4.0 million requested), the program could continue to commit funds at the current level for an additional four years (through FY 2021-22). At that point, the General Assembly could either increase funding by an additional \$4.0 million or scale back the program.

DISCUSSION

COLORADO OPPORTUNITY SCHOLARSHIP INITIATIVE (COSI)

Background: The Colorado Opportunity Scholarship Initiative (Section 23-3.3-1001 through 1005, C.R.S.), promotes public/private partnerships to fund scholarships and support services for gifted low-income students who might not otherwise pursue or complete higher education. Created in H.B.

14-1384, it was initially seeded with a transfer of \$33.4 million from the CollegeInvest Financial Need Scholarship Fund and a \$1.0 million appropriation. Since FY 2015-16, the General Assembly has appropriated \$5.0 million General Fund to the COSI Fund, from which the Department has continuous spending authority.

Statute provides:

- Up to 10 percent of moneys in the fund any fiscal year “may be awarded to state agencies and nonprofit organizations to assist such agencies and organizations with ensuring that student-success, precollegiate, postsecondary student support services are available to students who are classified as Colorado residents for tuition purposes; increasing the capacity for student support services at postsecondary institutions; and developing connections between local employers, public schools, precollegiate organizations, and postsecondary institutions...” Of this amount, at least 70 percent must be awarded to nonprofit organizations.
- Up to 3 percent of moneys in the fund in any fiscal year may be used for administrative costs.
- Money not used for the purposes above must be used to build a financial corpus capable of providing tuition assistance to eligible Colorado students attending eligible Colorado higher education institutions. Such assistance may include direct awards; matching incentives to create or increase other scholarships; loans, or any combination of these.
- To the extent practicable, tuition assistance must be awarded to students representing rural and urban areas and students attending all types of higher education institutions (vocational schools, community colleges, 4-year institutions, research institutions). Also, to the extent practicable, tuition assistance must be evenly distributed between students eligible for federal Pell grants and students with household incomes between 100 percent and 250 percent of Pell income eligibility.

The bill created an advisory board comprised of the executive committee of the State Workforce Development Council, and three Governor appointees to represent research institutions, four-year postsecondary institutions and community colleges and area vocational schools. It requires this board to establish:

- eligibility for state agencies, nonprofit organizations, and public institutions of higher education to participate in the initiative;
- criteria for eligibility of students to apply for and receive grants from the initiative; and
- rules establishing permissible uses of grant and scholarship moneys from the initiative.

The program, as it has developed over time, includes two distinctive components.

Community Partner Program Grants: The program funds over 30 community partner grants for student support programs serving more than 12,400 students across the state. This includes non-profits, K-12 and higher education institutions with pre-collegiate, collegiate, and bridge programs to support student participation and success in higher education. To-date, \$12.3 million has been expended for wrap-around support services encouraging post-secondary success. These awards average \$150,000 per two-year grant (\$75,000 per organization per year) with an average cost of service per student of \$169.

- 83% of programs serve high school students by funding college and career centers, expanded concurrent enrollment, post-secondary navigators and additional counseling support.
- 49% of programs serve students in post-secondary programs by funding “intrusive advising” through the Colorado Challenge, expanded career services, and expanded STEM education.
- 29% of programs serve rural areas.

Grantees are selected based on the anticipated outcomes identified in statute. This includes, among other measures, reductions in remediation rates, reductions in time required to earn a degree, increases in retention and graduation rates, and reductions in academic achievement disparities based on demographic, geographic, and economic indicators.

Matching Scholarship Grants: Since FY 2015-16, the program has been allocating funds to allow counties, higher education institutions, and workforce programs to apply for matching scholarship grants. The FY 2017-18 program, like that of previous years, allocates \$7.5 million as follow:

- \$5.0 million in formula allocations to counties based on free and reduced lunch populations;
- \$1.5 million made available to public institutions of higher education; and
- \$500,000 for workforce development scholarships.

All allocations are contingent on matching funds, and thus the counties and higher education institutions may only draw down the funds if they submit an application and demonstrate the necessary match. In practice, a large share of the work falls to institutional foundations, which often do the related “development” work to raise matching funds for county residents and other students who attend the institutions of higher education to which they are attached. The funds are then used to serve students whose family income is 250 percent or less of PELL eligibility and who attend that institution of higher education.

The scholarships may be structured in various ways and may be spent down quickly (over a year) or over as many as four years. As of FY 2017-18, \$9.7 million of the committed funds will be disbursed. The program requires fiscal agents responsible for handling the funds certify that matching funds are “new” and keep financial records of donations; but COSI does not have staff to verify this information. COSI’s funding structure means that individual grants may be for as little as a few thousand dollars to support just a few students.

The program is successfully collaborating with various entities—the Foundation for Colorado Community Colleges, Northwest Community College on Behalf of Moffat and Rio Blanco Counties, the Pueblo Community College Foundation, Metropolitan State University of Denver and the Denver Scholarship Foundation—to raise the matching scholarship funds and disburse funds to qualifying recipients.

Department Request: Department request R6 is for a \$4.0 million General Fund increase in the annual appropriation for the COSI program, from the current \$5.0 million to \$9.0 million. The request notes that if the appropriation is not increased, COSI will be forced to spend into its corpus, which will have a ratcheting-down effect on the program’s support services and scholarships.

Staff observations: Staff briefing and figure setting documents have noted for the last several years that:

- As originally conceived, the program anticipated that additional amounts for scholarships would be deposited in the COSI fund from private donations, and that this would build the “corpus” to help create a sustainable program. The State may have expected to develop its own fundraising staff and capacity. This is **not** how the program has developed. The program instead requires the entities (counties and higher education institutions) that receive scholarship grants to provide matching funds without passing these funds through state government. The program thus relies on the local entities that have fundraising capacity—most commonly college and university foundations—to do the necessary “development” work to find matching funds and draw down the state resources.
- While the program is stimulating private philanthropy, it has not generated the level of support that would enable the program to survive long-term on interest from its “corpus”. It has been clear for the last couple of years that the program would either be temporary/scaled back over time, would need to be restructured, or would need additional resources from another source. The Department is proposing additional General Fund as the solution.
- The Department is structuring expenditures so that it may comply with the letter of the law that no more than 10 percent of moneys "in the fund in any fiscal year" may be used for student success grants. However, because scholarship amounts are spent-down over multiple years, money "in the fund" is far greater than *uncommitted* money in the Fund. Annual General Fund appropriations have also helped the program sustain its corpus. This combination has enabled the program to spend more than 10 percent of total revenue received on community partner program grants. The table below shows the FY 2017-18 commitments, which are similar to the structure since FY 2015-16.

	FY 2017-18 SPENDING AND ANNUAL GRANT COMMITMENTS	
Administration	\$455,501	4.0%
Support grants	3,527,727	30.7%
Scholarship grants	7,500,000	65.3%
Total	\$ 11,483,228	

Based on the request and responses to staff questions, the Department has described a program that has evolved substantially since its inception in other ways. For example:

- The program as originally conceived was based on models such as the Denver Scholarship Foundation and GEAR UP. These programs tie scholarship awards to intensive support services for the students receiving the scholarships. This includes services in high school, during the “bridge” between high school and college, and once students have matriculated to college. As now managed, the program’s matching scholarship and student support grants are not routinely locked together. Instead, COSI usually relies on the higher education institutions serving students with COSI scholarships to provide necessary wrap-around services. Thus, *the program now looks more like two separate initiatives*: one that awards grants for support services to students and one that helps stimulate private philanthropy throughout the State by offering matching state funds for scholarships.

- The program is moving to support a far more limited collection of student support program models. It is now narrowing its program to focus on two models, one at the high school and one at the college level. It is working closely with a program evaluator using a grant from the Governor's Office to examine the impact of both the scholarship portion of the program and the student success portion of the program and to ensure that it can consistently evaluate and monitor the impact of the programs. The models that will be used in the future for student support:
 - For programs at the K-12 level, it will be supporting a future center" model. This program is a collaborative approach between partner organizations and/or a school district that is embedded in a school's counseling department. The hub would serve **all** students at the school with curriculum and activities that address career and college options and pathways, provide academic support (e.g. tutoring), assist students with FAFSA completion, offer classes dedicated to precollegiate curriculum, provide summer bridge programming, and support other wrap-around services. The program enriches existing high school counseling resources.
 - For programs at the postsecondary level, programs must provide intrusive advising, wrap-around student support services to assist students in overcoming academic and other barriers to success. The grantee must use the Colorado Challenge model and curriculum, which includes a collaborative approach between the institution and the Colorado Challenge as a peer coach. (Colorado Challenge is a federally funded program managed by the Department which provides student support staff in a number of postsecondary institutions.)

In staff's view, the COSI program is now in its adolescence, and the program is still a work in progress. Staff continues to have doubts about some program elements. For example, the scholarship element of the program has helped to draw in an additional \$7.5 million per year in private scholarships and local government support for students. However, it is a very complex mechanism for distributing state funds for scholarships. In contrast, the State committed \$128.5 million in FY 2017-18 to support institutions' need-based financial aid programs. These funds are distributed in large block grants and are managed by the institutions themselves. *Most of the COSI scholarship funds provide support to needy students at the same institutions—simply through a much more elaborate mechanism.* Staff remains uncertain whether, over the long term, the complex COSI structure will be sustainable and the benefits will outweigh the administrative challenges.

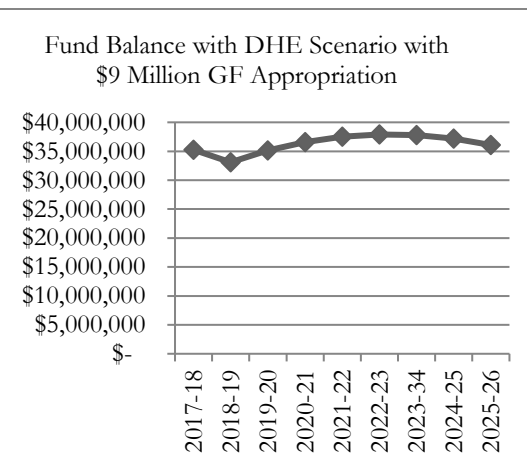
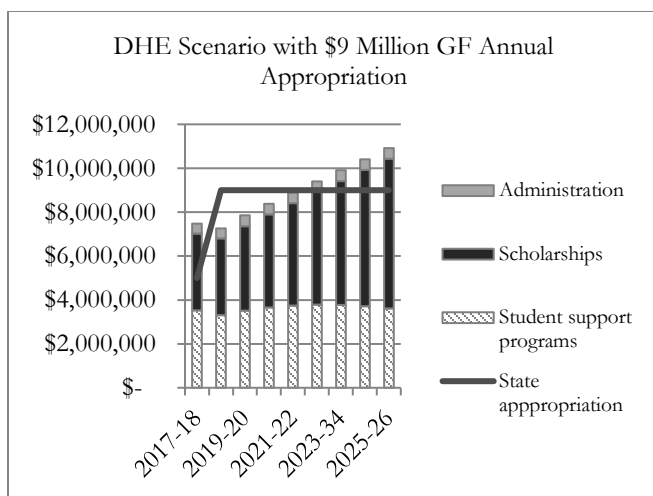
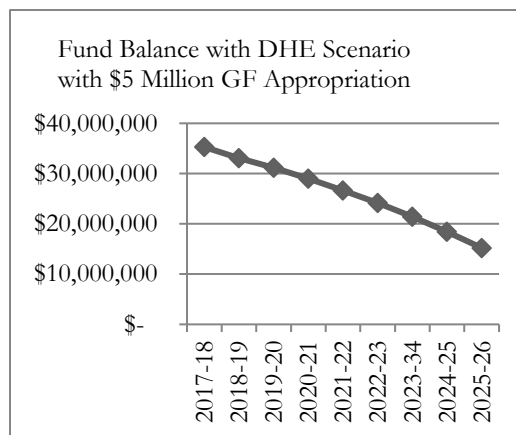
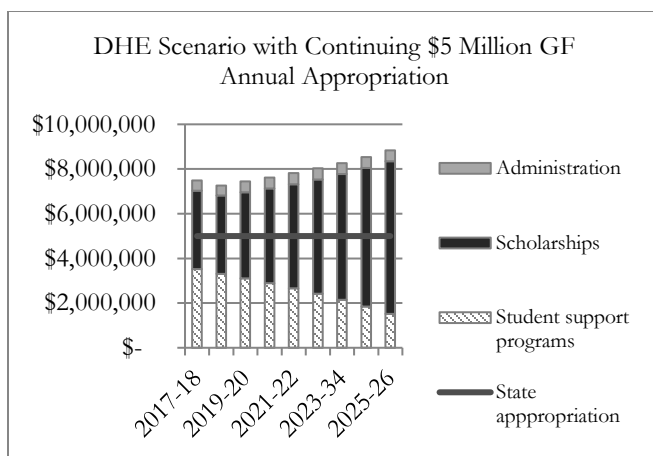
Staff recommendations: Staff recommends a statutory change that will enable the program to maintain spending on student support initiatives and spend from its corpus. If the Committee wishes to enable the program to continue making grant commitments at the current level for an additional four years (through FY 2021-22), it could increase the appropriation by \$2.0 million, rather than the \$4.0 million requested. Alternatively, it could provide no increase now and allow the program to continue spending at the current level, but the General Assembly would need to provide larger increases starting in FY 2021-22 or require the program to shrink at that point.

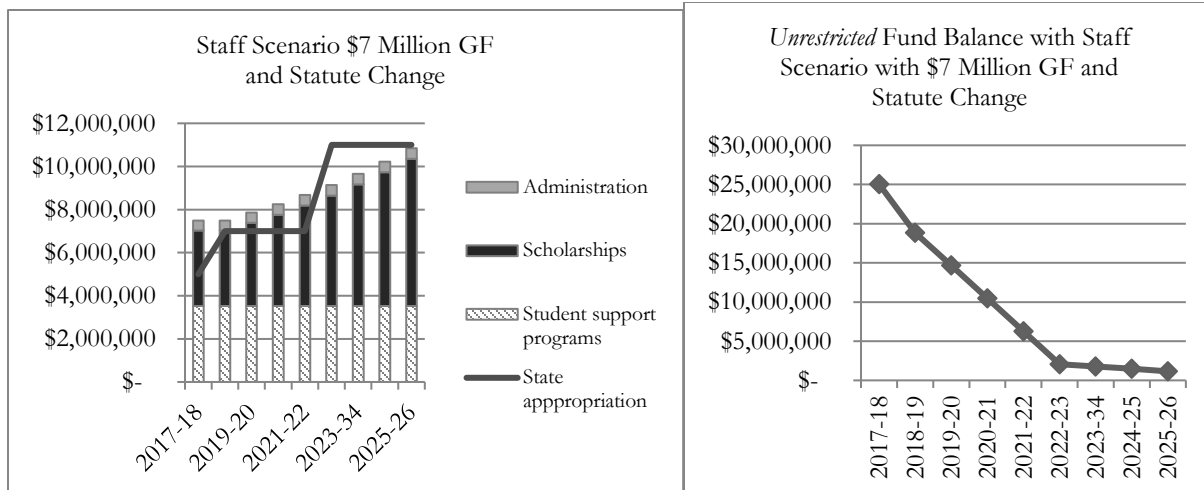
Staff believes the push for additional state funding *now* is driven in significant part by COSI's need to maintain a "corpus" to continue its current spending pattern. COSI has been able allocate about one-third of its resources each year to support service grants, rather than student scholarships, because statute requires that grants for support services be limited to 10 percent of money in the COSI fund—not 10 percent of annual allocations from the Fund. It does not wish to change its current spending

pattern and thus needs more money in the “corpus”. However, from a staff perspective, the corpus does not serve any clear purpose. Given current low interest rates, the interest income generated on the corpus is negligible. Staff believes COSI *should* spend down its corpus. If the General Assembly deems the program worthy of continuance once the corpus is largely exhausted, it can increase the appropriation at that point or allow the program to shrink. The program is still relatively young, and shifting to more evidence-based models, so delaying a decision to increase funding seems appropriate.

The charts below show three scenarios:

- 1 The Department’s anticipated spending pattern and fund balance given current statute and current funding;
- 2 The Department’s anticipated spending pattern and funding balance if the General Assembly increases the program’s appropriation by \$4.0 million;
- 3 The spending pattern staff anticipates if the General Assembly adds only \$2.0 million and modifies statute to eliminate or modify some of the current restrictions on the program. Note that the staff model looks at the unrestricted fund balance—amounts not already committed for scholarships—rather than the cash fund balance.





As reflected in these charts, staff believes that **with a statutory change and \$2.0 million increase, the program could maintain its current spending pattern through FY 2021-22. Alternatively, the General Assembly could provide the statutory change but no increase at this time.** If it uses this approach, funding would need to be increased at least a year earlier to avoid cuts, and the increase needed would be larger.

Staff recommends a bill with the following components:

- Eliminate the current restriction that not more than ten percent of the money in the COSI fund in any fiscal year may be awarded to state agencies and nonprofit organizations for student success programs. This will allow the program to spend down its fund balance while maintaining support for these kinds of programs at current levels. If desired, the General Assembly could retain a provision limiting the share of grants awarded for student success programs to one-third of total annual grants awarded.
- Replace the current restriction on administrative costs. Instead of limiting administrative costs to three percent of money in the COSI fund, limit it in another way, such as to 4.0 or 5.0 percent of annual grants or scholarships awarded.

There may be other changes that could benefit the program. For example, the General Assembly might consider eliminating or modifying the requirement that at least 70 percent of money provided student success initiatives must be awarded to non-profit organizations. Staff believes non-profits are key partners in COSI's initiatives. However, COSI seems to be moving toward a model designed to *institutionalize* student success practices within both secondary and post-secondary institutions. To do this well, it may be more effective in some cases to award student success grants to higher education institutions and to high schools to implement student success programs, rather than attempting to insert third-party non-profit organizations within these institutions. **If the Committee is willing to carry a bill, the Department may have additional suggestions that would help streamline program activities.**

ISSUE: CAREER AND TECHNICAL EDUCATION AND REQUEST R5 – OCCUPATIONAL CREDENTIAL CAPACITY GRANT PROGRAM

The Department of Higher Education has requested legislation and a \$5.0 million General Fund appropriation for a new Occupational Credential Capacity Grant Program. The Department proposes to use a “request for proposal” approach to allocate the funding among public postsecondary institutions that offer credentials. The goal is to address a range of obstacles that limit programs from generating more in-demand credentials.

SUMMARY

- The Department of Higher Education has requested that the Committee sponsor a bill and provide a \$5.0 million General Fund appropriation for a new Occupational Credential Capacity Grant Program.
- Career and technical education programs are offered in both K-12 and higher education facilities. Staff estimates that about \$169.2 million in state and local funds are spent annually on CTE, and and additional \$15.6 million federal funds are reflected in the budget.
- The R5 request focuses grant funds on the community college system, Colorado Mesa University, local district colleges, and area technical colleges to expand their capacity to generate credentials.
- The Department proposes to use a “request for proposal” approach to address a range of obstacles that limit production of in-demand short-term occupational certificates. The Department will review proposals in collaboration with the Workforce Development Council.
- While the goal of the program seems reasonable, the details of this plan are still being developed.

RECOMMENDATION

The Committee should request that the Department and higher education institutions provide further input on the obstacles to expanding CTE programs and how this proposed program might be structured to address those obstacles.

DISCUSSION

THE CURRENT STRUCTURE OF CTE

Career and technical education programs are offered in secondary school facilities (such as school district technical campuses), post-secondary institutions (community colleges) and hybrid facilities serving both secondary and postsecondary (area technical colleges such as Emily Griffith). A high school student taking a CTE course at a community college may be counted as “concurrently enrolled” in a high school and college course.

According to data on the state’s CTE website (<http://coloradostateplan.com/>), as of FY 2014-15, there were:

- 20,721 middle school CTE enrollments (19,606 individual CTE students)
- 125,182 secondary school CTE enrollments (96,854 individual CTE students)

- 34,829 postsecondary CTE enrollments (32,878 individual CTE students)

According to state staff, students taking CTE at the secondary level may only take a course or two to learn something about a CTE area, while students enrolled at the postsecondary level are usually seeking a specific credential.

- CTE funding for high school and middle school students is primarily from government sources, including “per pupil operating revenue” provided to school districts, state support provided through Career and Technical Act categorical distributions, and federal Perkins grant funding.
- CTE funding for postsecondary students is provided through a combination of state support and tuition and fees. Low-income students with a diploma or GED may receive federal and state grants that offset their tuition and fees, but if they are ineligible or do not receive sufficient support, they must cover these costs themselves.
- According to the Department of Higher Education, over 10,000 high school students are concurrently enrolled in postsecondary CTE programs. For these students, K-12 school districts pay tuition to the higher education institution, and the higher education institution receives College Opportunity Fund stipend credit.

Pursuant to state statute (Article 8 of Title 23, C.R.S.), the State Board for Community Colleges and Occupational Education is responsible for overseeing the distribution of state CTE funds, and all state and federal funding for CTE is consolidated in the higher education budget for informational purposes. The FY 2017-18 Long Bill includes the following appropriations and informational amounts that apply directly to CTE.

COLORADO DEPARTMENT OF HIGHER EDUCATION OCCUPATIONAL EDUCATION			
Administrative costs	\$900,000	State Funds	Provided to the community college system to oversee statewide occupational education programs and funding.
Distributions of State Assistance for Career and Technical Education (Section 23-8-102)	26,164,481	State Funds	Transfer from the Department of Education. Funds originate as General Fund and State Education Fund money. The total amount is allocated back to P-12 school districts.
Area Technical College Support (Section 23-18-304)	10,218,039	State Funds	Supports Emily Griffith, Pickens in Aurora, and Technical College of the Rockies in Delta-Montrose. The Department of Higher Education distributes the funds, but local school districts administer all three institutions.
Colorado First Customized Job Training (Section 23-60-306)	4,500,000	State Funds	Transferred from the Governor's Office of Economic Development. Supports customized staff training for businesses as part of economic development packages to attract and retain desirable employers.
Sponsored Programs	15,573,978	Federal Funds	These federal funds are shown for informational purpose and include the Perkins grant
Financial Aid			
Tuition Assistance for Career and Technical Education (Section 23-3.3-1101)	450,000	State Funds	Provides financial aid for CTE postsecondary students who may not otherwise qualify for financial aid due to the length of their programs.
TOTAL	\$57,806,498	\$42,232,520 State funds \$15,573,978 Federal funds	

In addition to these amounts:

- School districts report spending \$98.5 million per year on CTE programs (FY 2015-16), of which only \$26.2 million was reimbursed from amounts above, **so school districts report spending over \$72 million in additional local and state funds (per pupil operating revenue) on CTE programs.**
- **A portion of other state support for community colleges also funds CTE programs for secondary and postsecondary students.** About one-third of the community college student headcount of 94,860 was enrolled in CTE programs (32,878 postsecondary CTE enrollments) as of FY 2014-15, including students concurrently enrolled in high school and college. The community college system confirms that about one-third of credit hours in the system are for CTE. The higher education budget includes almost \$170 million that originates as General Fund for the state community college system and the local district colleges (Aims and Colorado Mountain College). Assuming expenditures are proportionate to headcount and credit hours, **over \$55 million in additional state funds may be directed to CTE programs as part of general support for state community colleges and local district colleges.**

CTE POSTSECONDARY CERTIFICATES AWARDED AND CTE IN THE HIGHER EDUCATION FUNDING MODEL

The table below shows the higher education governing boards that awarded postsecondary certificates in 2017. As can be seen, almost 20,000 were awarded. Most of these were certificates requiring less than one year of study.

UNDERGRADUATE POSTSECONDARY CERTIFICATES AWARDED 2017			
	CERTIFICATES LESS THAN ONE YEAR	CERTIFICATES AT LEAST ONE BUT LESS THAN TWO YEARS	TOTAL
State community college system	10,975	1675	12,650
Colorado Mesa University	242	185	427
Metro State U of Denver	74	0	74
Local district colleges	1,717	131	1,848
Area technical colleges	4,754	182	4,936
TOTAL	17,762	2,173	19,935

The higher education funding model does not include allocations for all certificates awarded.

- Local district colleges (LDCs) that receive support from local taxing districts (Aims Community College and Colorado Mountain College), as well as area technical colleges (ATCs) that operate under the management of local school districts (Emily Griffith in Denver, Pickens in Aurora, and Technical College of the Rockies in Delta-Montrose), are not funded based on certificates produced. They receive total funding increases or decreases based on the average higher education increase or decrease, rather than on any specific metric such as certificates or degrees. As shown, 34.0 percent of certificates are awarded at LDCs and ATCs.

- For state boards that award certificates—the state community college system (CCCS), Colorado Mesa University (CMU) and Metropolitan State University of Denver (MSU)—certificates are counted only when issued for:
 - Programs spanning one year (24 credit hours) or more; or
 - Programs less than one year that meet federal “gainful employment” definition or representing the highest award earned at stop-out. When multiple certificates of less than one year are earned by a student (“stackable certificates”), only one is counted.

Of the 13,151 certificates earned at CCCS, CMU, and MSU, 10,490 (80 percent) were counted in the higher education funding model. Certificates represent about 21 percent of the total degree/certificate awards used in calculating higher education allocations, but they are weighted less than degrees. In the model, certificates are weighted 0.25, compared to a bachelor’s, which is weighted at 1.0.

Like degrees, certificates receive extra weight if they are awarded to Pell-eligible students and/or are awarded in science, technology, engineering and math (STEM) fields. The FY 2018-19 request doubles the weight for Pell students, so that a certificate awarded to a Pell student is counted as 0.5. The model weights awards in STEM and health at 1.5. Thus, an award for a Pell-eligible student in a STEM or health field is weighted as 0.75.

DEPARTMENT REQUEST R5 – OCCUPATIONAL CREDENTIAL CAPACITY GRANT PROGRAM

The Department of Higher Education request R5, Occupational Credential Capacity Grant Program, proposes a new \$5,000,000 General Fund grant program to support capacity building for postsecondary occupational education programs.

As outlined in the request:

The State’s *Talent Pipeline* report finds that 16 percent of all labor market vacancies in Colorado will require a certificate by 2025. This reflects a significant increase in demand for such certificates since 2015.

OCCUPATION	2015-2025 GROWTH RATE (%)	AVG. ANNUAL OPENINGS
Nursing Assistant	34.3	1,118
Medical Assistant	37.2	548
Dental Assistant	28.5	334
HVAC Mechanics and Installers	44.4	329
LPNs and licensed vocational nurses	28.6	321
EMTs and paramedics	39.0	236
Barbers	34.0	132
Phlebotomists	44.5	122
Estheticians	32.4	65
Audio and visual equipment techs	27.6	55
Medical transcriptionists	25.0	49

Existing financial resources and incentive structures are not sufficient for institutions to expand their CTE programs in many high cost/high demand fields. The specific obstacles vary depending upon the region and the program but include:

- space availability
- accreditation requirements
- additional resources needed for students; and
- qualified faculty.

The Department's proposed solution is a new grant program that would help institutions address the specific obstacles they face with respect to expanding existing programs and building new ones. Specific program components:

- The program would use a "request for proposals" (RFP) process requiring institutions to submit plans to address the obstacles they face in expanding or launching specific CTE programs.
- New and expanded programs must address regional labor market demands and be based on an analysis of job openings in the areas.
- Grants would prioritize programs serving underserved populations and locations. Grants could help expand concurrent enrollment opportunities for students dually enrolled in high school and college in low-income, high minority, and rural districts. Grants could also be used to expand CTE programs offered by institutions of higher education in correctional institutions, among other purposes.
- The following institutions would be eligible: community colleges, Colorado Mesa University, area technical colleges, and local district colleges.
- The program would be housed in the Department of Higher Education but, as part of the RFP review process, the Department will coordinate with the Workforce Development Council, which includes the Executive Directors of the Departments of Labor and Employment, Education, the Office of Economic Development and International Trade, and the Department of Higher Education, among others. The Department of Corrections would be included for programs targeting correctional populations.
- As part of the RFP process, the Department will require each institution to explain how their project will increase certificates, the number of additional certificates to be generated, and the timelines.
- Success will be measured by the number of additional certificates added each year in high demand fields. The State is currently seeking to increase certificate production by 643 certificates annually over the next eight years.
- Creating this program will require new legislation.
- The Department proposes to work on developing the potential RFP during the legislative session, so that the RFP can be released before the end of July 2018 if necessary legislation is. Over the next few months, it will generate regional lists of high-demand short-term certificates that would be eligible for the program and will work with the Workforce Development Council and eligible institutions to identify key questions and accountability measures.

In response to staff questions, the Department indicated:

- During the budget request process, it was unable to solicit examples from institutions about the types of assistance they might seek. However, examples of programs that could be funded:

- Applicants may show that there is a short-term need for certificate production and a one-time influx of emergency financial aid will produce certificates to meet existing industry needs;
- Applicants may show that a one-time influx of training resources may help institutions to alleviate waitlists by providing a revenue source to onboard faculty;
- Applicants may show that by providing revenue to overcome barriers to entry, like salaries, this program can assist institutions in developing sustainable new capacity. As the capacity grows, the institution revenue derived from other sources will also grow, thus allowing the additional capacity to remain intact.
- The Department does **not** anticipate that these funds would be used for capital construction.
- While the structure of the grant currently assumes a single year of funding, proposals could span across a couple of years.
- The Department is currently reviewing RFPs from other states with successful programs, such as Wisconsin, Illinois, and West Virginia, to evaluate other criteria for inclusion in the RFP. The Department welcomes input from the Legislature.

STAFF OBSERVATIONS AND QUESTIONS

- The Department's goal—to increase certificate production—is clearly in line with the higher education Master Plan and seems consistent with addressing state workforce needs.
- While the goal of the program seems reasonable, the details of this plan still appear unformed. Staff encourages the Committee to ask the higher education institutions for feedback on the types of support they need and the obstacles they face. For example:
 - When staff spoke with the area technical colleges, they indicated that they have significant numbers of students on waiting lists for a wide range of certificate programs. Yet they also indicated that the most serious limitation they face is space. In response to staff questions, the Department reported that the program would not support capital construction. (The General Assembly has never supported capital construction at the area technical colleges or local district colleges as these are not state institutions.) However, if space is a critical constraint, staff is uncertain whether this proposed grant program will really be able to respond to these programs' needs.
 - The Department has yet to indicate whether this will be a truly competitive grant program in which different institutions' responses will be compared or whether all of the institutions that offer certificate programs will get a "piece of the pie".
 - The Department indicates that it will absorb the related workload within its budget and that it will involve the Workforce Development Council in reviewing proposals. It is not clear how many proposals the Department expects will be submitted, their content, and thus the type of workload that might be involved in both assembling them at the institutional level and reviewing them at the state level.

This particular request focuses on public institutions of higher education as a key mechanism for generating additional certificates. How do these public institutions fit within the broader context of career and technical education in Colorado? For example:

- The Department emphasizes the role of public higher education in serving students concurrently enrolled in high school and college CTE programs. However, nearly one hundred thousand students are engaged in CTE programs administered by high schools, while only 10,000 are

concurrently enrolled in postsecondary institutions. How do the programs offered by secondary schools differ from the programs offered in postsecondary institutions? Do high schools also generate certificates directly? Staff understands that, at present, a student could complete a secondary CTE program that leads to some kind of certification or licensure (cosmetology, auto, IT-related), but there is not presently tracking whether or not students actually earn/pass the steps required for licensure and certification. House Bill 16-1289, which provides financial incentives to school districts for secondary students who complete qualified industry credential programs, internships, residencies, construction pre-apprenticeships, or construction apprenticeship programs (as well as advanced placement courses), is creating greater interest in tracking this.

- The Department has indicated that about one-quarter of certificates and degrees in the State are generated by the private sector. What share of short-term certifications are generated by the private and nonprofit sectors in Colorado? Industry itself? How has this share changed over time? How do these entities fit into the State's long-term vision for creating a more educated population?

ISSUE: OPEN EDUCATIONAL RESOURCES

“Open educational resources” (OER) are high-quality teaching, learning, and research resources that reside in the public domain or have been released under an intellectual property license that permits their free use and repurposing by others. The JBC sponsored S.B. 17-258 to create an OER Council to provide recommendations to the General Assembly on expanding the use of OER at state institutions. The Council has recommended an initiative costing \$660,000 General Fund for FY 2018-19 annualizing to \$1.1 million for the following two years.

SUMMARY

- “Open educational resources” (OER) are high-quality teaching, learning, and research resources that reside in the public domain or have been released under an intellectual property license that permits their free use and repurposing by others and may include other resources that are legally available and available to students for free or very low cost.
- During the 2017 legislative session, the Committee sponsored S.B. 17-258 (Lundberg/Rankin) to create an OER Council to provide recommendations to the General Assembly on expanding the use of OER at state institutions. This bill was expected to result in recommendations for 2018 legislation to authorize an OER grant program and related activities starting in FY 2018-19.
- The OER Council submitted its recommendations and report on November 20, 2017. The report recommends an initiative lasting at least three years that includes: (1) targeted grant funding for institutions and individuals to expand the use of OER in public institutions; (2) promoting knowledge sharing through an annual OER conference and a range of other activities; and (3) establishing a standing state OER Council with 1.0 FTE staff support.
- The Council recommends first year funding of \$660,000, annualizing to \$1.1 million in each of the subsequent two years.
- The Council estimates that funds allocated for grants (80 percent of the total) will generate savings to students in a single year of four-times the initial investment in the grant. The return on investment would expand in subsequent years.

RECOMMENDATION

Staff recommends the Committee adopt the recommendations of the OER Council and sponsor a bill to:

- Provide a statewide grant program costing \$660,000 General Fund in FY 2018-19, annualizing to annualizing to \$1,079,350 for FY 2019-20 and \$1,080,720 in FY 2020-21.
- Continue the statewide OER Council for the length of the program and add 1.0 FTE in the Department of Higher Education for the length of the initiative. The grant program would end in June 2021, unless extended by the General Assembly during the 2021 legislative session.

Staff recommends that the Committee also consider including a statutory requirement that by fall 2021, institutional course catalogs identify which courses use Open Educational Resources.

Finally, the Committee may also wish to consider a separate setting of recommendations, submitted in response to RFI 5, concerning Open Access publishing of scholarly materials. The Department's response to that request is summarized in the Request for Information appendix to this briefing packet.

DISCUSSION

S.B. 17-258 (OER)

During the 2017 session, the Joint Budget Committee sponsored S.B. 17-258 (Lundberg/Rankin), to create an Open Educational Resources (OER) Council to provide recommendations to the General Assembly on the development and adoption of OER at state institutions.

“Open educational resources” (OER), as defined in the bill, are high-quality teaching, learning, and research resources that reside in the public domain or have been released under an intellectual property license that permits their free use and repurposing by others and may include other resources that are legally available and available to students for free or very low cost. Open Educational Resources may include full courses, course materials, modules, textbooks, faculty-created content, streaming videos, tests, software, and any other tools, materials, or techniques used to support access to knowledge.

As outlined during staff in briefings and memos last year:

- Student expenditures on textbooks and other educational materials represents a significant portion of student educational costs. The National Association of College Stores reported average FY 2014-15 textbook spending of \$563 across all students and \$1,019 for first year students.¹⁷ Costs at this level add over 22 percent to a first-year community college student's tuition and fees.
- Research conducted at institutions offering OER indicate significant savings. For example, a study involving over 12,000 students at Utah community colleges found savings per student per course of \$90.61 on average, with savings up to \$148 for select science courses.¹⁸
- Studies have found that many students do not buy textbooks and other course materials due to cost, leading students to fail or perform poorly. Other studies show many students take fewer courses or drop courses due to the costs of texts and materials.
- States and institutions have been experimenting with entire courses, sections, and even degrees that are branded as \$0 textbook cost.

Staff initially recommended that the Committee launch a \$1.0 million grant program through legislation during the 2017 session. After convening a group of stakeholders, staff revised this recommendation to start with an OER Council to ensure adequate buy-in and well-structured

¹⁷ As reported by the California Legislative Analyst's Office, “The FY 2016-17 Budget: Assessing the Governor's Zero-Textbook-Cost Proposal”, March 14, 2016. <http://www.lao.ca.gov/reports/2016/3392/zero-textbook-cost-031416.pdf>. The cost of materials assumed for students at Colorado public institutions in financial aid cost of attendance calculations is \$1,800 per year or \$180 per 3 credit course.

¹⁸ Hilton III, J., Robinson, J., Wiley D., and Ackerman, J., “Cost-savings Achieved in Two Semesters Through the Adoption of Open Educational Resources,” *International Review of Research in Open and Distributed Learning*, April 2014. <http://www.irrodl.org/index.php/irrodl/article/view/1700/2833>

program. Senate Bill 17-258 created the Council to provide advice to the JBC and education committees about OER next steps, with an eye toward 2018 session legislation.

The Council was comprised of administrators, librarians, faculty, and digital education experts from higher education institutions throughout the State, and representatives of the Departments of Higher Education and Education. Staff from the Department of Higher Education supported it. A consultant from the Western Interstate Commission on Higher Education (WICHE) Center for Educational Technologies (WCET) conducted a study of OER in Colorado, as required by the bill. Student government leaders from the University of Colorado at Boulder also participated.

Given short statutory timeframes, Council members worked intensively through the summer and fall to study the issue and formulate its recommendations. **Staff greatly appreciates the enthusiasm and dedication of Council members working on the issue.**

As required by the 2017 legislation, the Council submitted a report to the Joint Budget Committee on November 20, 2017. The report included the consultant's report, as well as a separate cover report submitted by the members of OER Council with the Council's recommendation. The Council's recommendations are as follows:

- Create a Colorado OER Initiative (COER) for at least three years. The proposed budget would be for \$660,000 General Fund in FY 2018-19, annualizing to \$1,079,350 for FY 2019-20 and \$1,080,720 in FY 2020-21.
- Scale the use of OER through targeted grant funding, including:
 - Institutional grants to campuses for establishing an EOR task force, setting their own OER priorities and disbursing grants in support of these priorities; and
 - Individual or small-group grants for faculty and staff, especially at institutions without an institutional grant or OER initiative, to support OER creation adoption and promotion.
- Ensure knowledge-sharing, professional development and community-building and sustaining opportunities such as:
 - Regular virtual meetings of selected OER interest groups; and
 - An annual OER conference of and for stakeholders from around the state, with keynotes and workshops on specific practical issues.
- Establish enabling structure and staffing at the state level with:
 - A standing State OER Council to set statewide policy, oversee grant programs, and act as a conference organizing committee, among other duties;
 - A full-time staff member in the Colorado Department of Higher Education to support the above activities and to maintain information resources such as websites and collateral materials; and
 - An annual report to the legislature describing COER activities and reporting on various metrics of success.

COUNCIL REPORT

The following material is excerpted, generally verbatim, from the Council's report.¹⁹ Survey and additional material is drawn from the report by the WCET consultant.²⁰

HIGH TEXTBOOK COSTS HARM STUDENTS: The cost of college textbooks has risen much more rapidly than the Consumer Price index. According to one study, the increase in textbook prices was 956 percent between 1978 and 2014 compared to an overall increase in CPI of 262 percent. Digital materials requiring access codes are becoming increasingly problematic. Colorado students are estimated to have paid \$148 million dollars on textbooks in 2016.

The high cost of textbooks and access codes can lead students to either enroll in fewer courses or to forego required textbooks and potentially earn lower grades. The increasing numbers of students who cannot afford to purchase course materials are at a clear disadvantage in learning, retention, and earning a college degree. College students, particularly student governments, have organized to press OER initiatives on their campuses.

OER HAVE A POSITIVE IMPACT ON STUDENT OUTCOMES AND FACULTY INNOVATION: Research shows that student outcomes are generally as good or better when using OER as compared to traditional text books. Students have similar or better grades and learning, and student retention rates are as good or better in courses using OER. Students *taking courses with OER are significantly more likely to take a larger number of credits per semester, which can increase degree completion rates and decreases time to degree attainment.* Finally, research shows that adopting, adapting, or authoring OER enables instructors to use quality resources and creatively engage with course content and learning outcomes.

RETURN ON INVESTMENT FOR OER INITIATIVES IS HIGH: Evidence from other states suggests *a four-times return on investment (ROI) is reasonable in the first year*, and that additional returns are realized in subsequent years. This is based on results in Georgia, Oregon, and North Dakota.

- Surveys show Colorado is primed to increase awareness and use of OER: To gain a better understanding of the current use of OER in Colorado, the OER Council worked with the WCET consultant to launch three statewide surveys that gathered input from stakeholders about OER awareness and use. The project included individual and institutional surveys. Some 3,009 individuals responded to the individual survey, of which nearly 50 percent were students, 20 percent faculty, and 10 percent parents. The remaining 20 percent did not self-identify or fell into small groups. In addition, twenty-seven Colorado institutions responded to an institution-level survey.
- The strongest finding is the near unanimity that textbook costs are a concern: 89 percent of individual respondents expressed partial or complete agreement with the statement “textbooks have become a serious affordability barrier to students attending Colorado’s colleges and universities.” Students expressed the strongest agreement. Administrators and faculty expressed slightly weaker agreement, suggesting the potential to motivate key players to better understand

¹⁹ *Colorado Open Educational Resources Council Report to the Joint Budget Committee and the Education Committees of the General Assembly on Open Educational Resources in Colorado*, November 2017.

²⁰ Tanya Spilovoy, *Open Educational Resources in Colorado*, On Behalf of the Colorado Department of Higher Education OER Council, WICHE Cooperative for Educational Technologies, October 2017.

the financial pressures felt by students. All but one of the institutions responding to an institution-level survey indicated that reducing the cost students pay for higher education is a “major” or “moderate” concern to the institution’s board, president, and senior administrators.

- Another important finding was a varied level of familiarity with OER among key stakeholders. Of the responding institutions, only two indicated that the majority faculty and administrators “are aware of OER and how they are used.” The remaining institutions all reported that the majority of faculty, staff, and administrators “have heard of OER but don’t know much about them” or “are somewhat aware of OER but are not sure how they can be used.” A statistical analysis of individual survey data by the OER Council showed that librarians are knowledgeable about open licensing, while administrators, faculty and students are less so. Thus, encouraging collaboration between faculty, librarians, and administrators could help improve dissemination about OER and its implementation.
- Barriers to wider adoption of OER have been identified in multiple studies. These include lack of faculty awareness, the time and difficulty to find resources and lack of ancillary materials.
- Institutional respondents showed high levels of support for workshops to expand faculty awareness, grant programs to promote OER adoption and creation, workshops for librarians, instructional designers, and/or multimedia designers and opportunities to nurture OER campus champions.

DISPERSED OER EXCELLENCE IN COLORADO COULD BE HARNESSSED AND SCALED: Some Colorado Institutions have been successful with OER initiatives. The consultant’s report highlighted a number of initiatives at a system level and at selected institutions. Institutional initiatives include grants to adopt and develop OER, creating and maintaining instructional materials repositories, hosting workshops for faculty and recognizing faculty OER champions. Individual instructors are also engaged in efforts to promote OER on their campuses, which includes creating their own open textbooks, supplementary workbooks or set of podcasts. Chief Academic Officers from 17 of the 27 institutions responding indicated that OER are used in at least some courses on their campuses. Faculty, librarians and instructional designers were identified as major stakeholders involved in campus OER worked.

COUNCIL RECOMMENDATIONS FOR STATEWIDE OER INITIATIVE

The Council recommends that the OER initiative consist of three main components:

- Structure and staffing at the state level
- Knowledge-sharing and community-building activities; and
- A grant program to fund institutional and individual OER initiatives. The Council proposes both institutional grants and individual grants.

OER COUNCIL AND STAFFING: The report emphasizes that a standing state OER Council will advocate for OER use and play a direct role in overseeing the program and supporting broader adoption of OER at public institutions. The Council also recommends the addition of a full-time staff member at CDHE to develop and manage websites for the initiative, assist with the administration of grant programs, plan and manage virtual meetings, travel frequently to work with campus OER teams, coordinate data collection and initiative evaluation, serve as the conference coordinator for the annual OER event; and staff the OER Council, among other activities.

Annual reports to the CCHE and General Assembly will address:

- Progress in moving all institutions to adopt OER support programs and ensure universal awareness of OER among faculty and students;
- The number and percentage of courses using OER
- OER created and shared by Colorado faculty
- Number of OER revised and adopted by Colorado faculty
- Number of students using OER and total resulting financial savings
- Course completion and pass rates in courses using OER compared to other courses.

DEVELOP STATEWIDE KNOWLEDGE-SHARING AND PROFESSIONAL DEVELOPMENT: The Council recommends:

- Developing informational materials about OER that can be shared across institutions and adapted at the campus level
- a website to host or link to these materials, external OER materials, and any existing institutional OER databases
- An annual OER event for faculty, instructional designers, librarians, campus administrators, K-12 educators, and other relevant staff
- A wide range of other activities designed to increase awareness and promotion of OER on campuses, such as recognizing OER champions.

OER GRANTS: The Council recommends scaling the use of OER through two types of grant funding:

- Institutional Grants ranging from \$10,000 to \$150,000 that would support deploying and sustaining campus-wide OER initiatives
- Individual or small group grants ranging from \$250-\$5,000 that would support the creation or adoption of OER by faculty, especially from institutions without an OER initiative or incentive funding

Grants would target courses with high enrollment, textbook or materials costs, as well as high-impact courses such as gtPathways or concurrent high school enrollment. Proposals for multi-institutional collaborations or faculty working with a team including librarians and instructional designers are encouraged.

Requirements for individual grants may include a description of baseline data about OER adoption, how the outcomes will be evaluated, including the number of students affected and ROI, and plans for scaling.

Requirements for institutional grants may include:

- evidence of a campus OER Council or committee,
- Identified library, instructional design and administrative staffing supporting the initiative,
- an evaluation plan,
- a plan for scaling OER adoption,
- course catalog identification, and

- a sustainability commitment

Both individual and institutional grants would require reporting, data about student impact (number of students and savings), and measures of effectiveness. All would also require recipients to openly license and share any developed or adapted OER material under the broadest possible license (typically Creative Commons); post new or adapted OER to an open repository in editable file formats or with source code; and comply with Americans with Disabilities Act provisions to enable disabled individuals to access the material.

BUDGET AND RETURN ON INVESTMENT: The Council proposes the following budget.

Activity	FY 19	FY20	FY21	Total
Targeted Grants ⁷	\$450,000	\$900,000	\$900,000	\$2,250,000
CDHE Support ⁸	\$90,000	\$91,350	\$92,720	\$274,070
Communications Development, including website	\$35,000	\$20,000	\$20,000	\$75,000
State OER Council ⁹	\$5,000	\$3,000	\$3,000	\$11,000
Annual OER Professional Development Event	\$40,000	\$40,000	\$40,000	\$120,000
Workshop/ Open Course ¹⁰	\$40,000	\$5,000	\$5,000	\$50,000
Recognition ¹¹	\$0	\$20,000	\$20,000	\$40,000
TOTALS	\$660,000	\$1,079,350	\$1,080,720	\$2,820,070

The Council projects that the \$450,000 in grant funding allocated during the first year will translate into \$1.8 million in savings to students in that first year (a 4-x return on investment, based on the experience in other states). Based on further communication with the Council's chair, the Council expects the same savings, from the first year's investment, to be continued in future years as faculty continue to use the OER initially developed with the grant. Thus, by year three, this \$450,000 investment could translate into savings to students of \$5.4 million.

Of the total budget, \$2.25 million (80 percent) would be allocated for grants expected to deliver the 4-x return on investment. **The Council estimates a \$2.8 million total outlay over three years will generate savings to students of \$16.2 million over the same period.**

OER savings are typically about \$100 per student per course. On this basis, the goal would be about 18,000 students seeing new OER in one of their classes during one year as a result of the \$450,000 initial investment.

STAFF RECOMMENDATIONS

Staff supports the Council's recommendations in their entirety. The recommendations reflect a thoughtful effort to expand the use of OER throughout the State. Creating this program will require legislation, and staff recommends that the Committee sponsor a bill for this purpose.

There are two issues staff would like to explore further, if the Committee agrees to draft a bill.

- The OER Council has recommended that the state-level board provide both individual faculty grants and institutional grants, but it did not provide a breakdown between the two. To generate real ROI on state OER investments, grants *must* translate into an increase in OER resources used in actual classrooms. This ultimately means supporting faculty with grants and resources that allow them to adopt or develop OER in their classes. On the other hand, OER initiatives will be most effective and sustainable to the extent they are institutionalized at the governing board or campus level. Staff is interested in hearing more about to what extent decisions about grants to faculty can be delegated to governing board or institution-level bodies. This depends on the status of current institutional OER efforts. Staff hopes to hear more from this governing boards about where they are in this process and whether, for example, they have created their own OER Councils or are poised to do so.
- The proposal indicates that institution-level grants may require OER courses to be identified in course catalogs. OER experts from other states have indicated that course catalog identification is one of the most powerful tools for moving OER forward, and some other states have adopted legislation requiring this. *Given the complexity and scale of higher education institutions, it could be helpful to establish a requirement in legislation **now** to identify OER in course catalogs three years from now.* A bill that includes funding for an OER Council and institutional grants is the obvious vehicle for such a requirement.

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

DEPARTMENT OF HIGHER EDUCATION Kim Hunter Reed, Executive Director

(1) DEPARTMENT ADMINISTRATIVE OFFICE

This section includes centrally appropriated line items for the Colorado Commission on Higher Education, Department administration, the Division of Private Occupational Schools, and History Colorado. Allocations for the higher education governing boards are not included in this section. Cash funds are primarily from the State Historical Fund. Reappropriated funds are from indirect cost recoveries.

Health, Life, and Dental	<u>1,902,038</u>	<u>1,526,429</u>	<u>1,740,911</u>	<u>2,048,899</u>
General Fund	0	5,119	0	99,972
Cash Funds	1,144,173	842,980	914,129	1,031,774
Reappropriated Funds	349,353	260,229	363,535	363,292
Federal Funds	408,512	418,101	463,247	553,861
Short-term Disability	<u>25,965</u>	<u>20,161</u>	<u>20,024</u>	<u>20,759</u>
General Fund	0	353	0	534
Cash Funds	16,856	11,635	10,993	10,945
Reappropriated Funds	4,319	3,568	4,366	4,102
Federal Funds	4,790	4,605	4,665	5,178
S.B. 04-257 Amortization Equalization Disbursement	<u>534,843</u>	<u>552,761</u>	<u>557,500</u>	<u>612,341</u>
General Fund	0	9,563	0	15,751
Cash Funds	347,174	318,025	310,937	322,835
Reappropriated Funds	88,956	100,157	119,156	121,006
Federal Funds	98,713	125,016	127,407	152,749

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>516,610</u>	<u>547,001</u>	<u>557,500</u>	<u>612,341</u>	
General Fund	0	9,463	0	15,751	
Cash Funds	335,338	314,711	310,937	322,835	
Reappropriated Funds	85,924	99,113	119,156	121,006	
Federal Funds	95,348	123,714	127,407	152,749	
Salary Survey	<u>133,092</u>	<u>0</u>	<u>213,771</u>	<u>398,081</u>	
General Fund	0	0	0	10,239	
Cash Funds	86,399	0	119,011	209,874	
Reappropriated Funds	22,138	0	46,020	78,666	
Federal Funds	24,555	0	48,740	99,302	
Merit Pay	<u>123,247</u>	<u>0</u>	<u>89,872</u>	<u>0</u>	
General Fund	0	0	0	0	
Cash Funds	79,317	0	48,554	0	
Reappropriated Funds	20,270	0	20,156	0	
Federal Funds	23,660	0	21,162	0	
Workers' Compensation	<u>87,984</u>	<u>85,322</u>	<u>68,617</u>	<u>80,371</u>	
Cash Funds	78,459	69,596	48,506	45,626	
Reappropriated Funds	9,525	15,726	20,111	34,745	
Legal Services	<u>41,302</u>	<u>38,406</u>	<u>35,058</u>	<u>38,347</u>	
Cash Funds	11,747	9,119	9,675	0	
Reappropriated Funds	29,555	29,287	25,383	38,347	
Administrative Law Judge Services	<u>0</u>	<u>7,475</u>	<u>7,982</u>	<u>1,296</u>	
Cash Funds	0	7,475	7,982	1,296	

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Payment to Risk Management and Property Funds	<u>94,719</u>	<u>128,937</u>	<u>178,528</u>	<u>166,832</u>	
Cash Funds	90,678	121,074	168,817	159,371	
Reappropriated Funds	4,041	7,863	9,711	7,461	
Leased Space	<u>546,166</u>	<u>584,525</u>	<u>564,807</u>	<u>572,689</u>	
Cash Funds	109,232	139,069	112,960	114,536	
Reappropriated Funds	436,934	445,456	451,847	458,153	
Payments to OIT	<u>408,001</u>	<u>393,394</u>	<u>701,394</u>	<u>499,372</u> *	
General Fund	0	0	0	112,207	
Cash Funds	396,577	342,581	622,911	350,520	
Reappropriated Funds	11,424	50,813	78,483	36,645	
CORE Operations	<u>74,699</u>	<u>158,645</u>	<u>171,758</u>	<u>199,636</u>	
Cash Funds	58,699	86,457	78,960	99,477	
Reappropriated Funds	16,000	72,188	92,798	100,159	
TOTAL - (1) Department Administrative Office	4,488,666	4,043,056	4,907,722	5,250,964	7.0%
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	0	24,498	0	254,454	0.0%
Cash Funds	2,754,649	2,262,722	2,764,372	2,669,089	(3.4%)
Reappropriated Funds	1,078,439	1,084,400	1,350,722	1,363,582	1.0%
Federal Funds	655,578	671,436	792,628	963,839	21.6%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(2) COLORADO COMMISSION ON HIGHER EDUCATION

The Colorado Commission for Higher Education (CCHE) serves as the central policy and coordinating board for higher education. This section includes funding for CCHE and Department administration, the Division of Private Occupational Schools, which regulates proprietary institutions, and a large number of special purpose programs that rely on various funding sources.

(A) Administration

Administration	<u>3,070,381</u>	<u>3,075,597</u>	<u>3,064,440</u>	<u>3,064,440</u>	
FTE	30.0	30.0	30.0	30.0	
General Fund	326,450	0	0	0	
Cash Funds	148,622	107,373	300,345	300,345	
Reappropriated Funds	2,595,309	2,968,224	2,764,095	2,764,095	

SUBTOTAL - (A) Administration	3,070,381	3,075,597	3,064,440	3,064,440	0.0%
<i>FTE</i>	<u>30.0</u>	<u>30.0</u>	<u>30.0</u>	<u>30.0</u>	0.0%
General Fund	326,450	0	0	0	0.0%
Cash Funds	148,622	107,373	300,345	300,345	0.0%
Reappropriated Funds	2,595,309	2,968,224	2,764,095	2,764,095	0.0%

(B) Division of Private Occupational Schools

Division of Private Occupational Schools	<u>602,909</u>	<u>655,452</u>	<u>815,554</u>	<u>806,148</u>	
FTE	7.8	5.8	9.8	9.8	
Cash Funds	602,909	655,452	815,554	806,148	

SUBTOTAL - (B) Division of Private Occupational Schools	602,909	655,452	815,554	806,148	(1.2%)
<i>FTE</i>	<u>7.8</u>	<u>5.8</u>	<u>9.8</u>	<u>9.8</u>	0.0%
Cash Funds	602,909	655,452	815,554	806,148	(1.2%)

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
(C) Special Purpose					
Western Interstate Commission for Higher Education (WICHE)	<u>137,000</u>	<u>145,000</u>	<u>149,000</u>	<u>153,000</u>	*
General Fund	0	0	0	0	
Reappropriated Funds	137,000	145,000	149,000	153,000	
WICHE - Optometry	<u>393,300</u>	<u>389,158</u>	<u>443,125</u>	<u>450,625</u>	
General Fund	0	0	0	0	
Reappropriated Funds	393,300	389,158	443,125	450,625	
Distribution to Higher Education Competitive Research Authority	<u>2,800,000</u>	<u>1,987,608</u>	<u>2,800,000</u>	<u>2,800,000</u>	
Cash Funds	2,800,000	1,987,608	2,800,000	2,800,000	
Veterinary School Program Needs	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	
Cash Funds	131,100	133,950	139,650	139,650	
Reappropriated Funds	153,900	151,050	145,350	145,350	
Institute of Cannabis Research at CSU-Pueblo	<u>0</u>	<u>899,256</u>	<u>1,800,000</u>	<u>1,800,000</u>	
Cash Funds	0	899,256	1,800,000	1,800,000	
Colorado Geological Survey at the Colorado School of Mines	<u>2,182,858</u>	<u>2,213,674</u>	<u>2,518,177</u>	<u>2,693,918</u>	
FTE	15.5	15.5	15.5	15.5	
General Fund	411,494	413,829	496,605	563,892	
Cash Funds	1,537,955	1,507,192	1,670,546	1,780,133	
Reappropriated Funds	50,000	0	50,592	50,592	
Federal Funds	183,409	292,653	300,434	299,301	

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
GEAR-UP	<u>6,411,757</u>	<u>9,466,893</u>	<u>5,000,000</u>	<u>5,000,000</u>	
FTE	39.1	39.1	39.1	39.1	
Federal Funds	6,411,757	9,466,893	5,000,000	5,000,000	
Rural Teacher Recruitment, Retention, and Professional Development	<u>0</u>	<u>441,095</u>	<u>441,095</u>	<u>441,095</u>	
FTE	0.0	0.3	0.3	0.3	
General Fund	0	441,095	441,095	441,095	
Prosecution Fellowship Program	<u>356,496</u>	<u>356,496</u>	<u>356,496</u>	<u>356,496</u>	
General Fund	356,496	356,496	356,496	356,496	
University of Colorado, Lease Purchase of Academic Facilities at Fitzsimons	<u>14,289,937</u>	<u>14,255,211</u>	<u>14,261,775</u>	<u>14,154,188</u>	
General Fund	7,204,931	7,249,326	111,354	2,803,767	
General Fund Exempt	0	0	5,350,421	5,350,421	
Cash Funds	7,085,006	7,005,885	8,800,000	6,000,000	
Higher Education Federal Mineral Lease Revenues Fund for Lease Purchase of Academic Facilities	<u>0</u>	<u>12,125,175</u>	<u>16,073,025</u>	<u>16,685,263</u>	
General Fund	0	12,125,175	16,073,025	16,685,263	
Lease Purchase of Academic Facilities Pursuant to Section 23-19.9-102	<u>0</u>	<u>17,764,453</u>	<u>17,773,025</u>	<u>17,685,263</u>	
Cash Funds	0	5,639,278	1,700,000	1,000,000	
Reappropriated Funds	0	12,125,175	16,073,025	16,685,263	
Tuition/Enrollment Contingency	<u>0</u>	<u>17,031,479</u>	<u>60,000,000</u>	<u>60,000,000</u>	
Cash Funds	0	17,031,479	60,000,000	60,000,000	

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Open Educational Resources Council	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>0</u>	
General Fund	0	0	25,000	0	
Colorado Student Leaders Institute Pilot	<u>0</u>	<u>0</u>	<u>218,825</u>	<u>218,825</u>	
FTE	0.0	0.0	1.0	1.0	
Reappropriated Funds	0	0	218,825	218,825	
Occupational Credential Capacity Grant Program	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000,000</u> *	
General Fund	0	0	0	5,000,000	
Annual Depreciation-Lease Equivalent Payment	<u>0</u>	<u>0</u>	<u>0</u>	<u>175,060</u> *	
General Fund	0	0	0	175,060	
Medication Treatment Pilot Program	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>500,000</u>	
Cash Funds	0	0	500,000	500,000	
SUBTOTAL - (C) Special Purpose	26,856,348	77,360,498	122,644,543	128,398,733	4.7%
FTE	<u>54.6</u>	<u>54.9</u>	<u>55.9</u>	<u>55.9</u>	<u>(0.0%)</u>
General Fund	7,972,921	20,585,921	17,503,575	26,025,573	48.7%
General Fund Exempt	0	0	5,350,421	5,350,421	0.0%
Cash Funds	11,554,061	34,204,648	77,410,196	74,019,783	(4.4%)
Reappropriated Funds	734,200	12,810,383	17,079,917	17,703,655	3.7%
Federal Funds	6,595,166	9,759,546	5,300,434	5,299,301	(0.0%)

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
TOTAL - (2) Colorado Commission on Higher Education	30,529,638	81,091,547	126,524,537	132,269,321	4.5%
<i>FTE</i>	<u>92.4</u>	<u>90.7</u>	<u>95.7</u>	<u>95.7</u>	<u>0.0%</u>
General Fund	8,299,371	20,585,921	17,503,575	26,025,573	48.7%
General Fund Exempt	0	0	5,350,421	5,350,421	0.0%
Cash Funds	12,305,592	34,967,473	78,526,095	75,126,276	(4.3%)
Reappropriated Funds	3,329,509	15,778,607	19,844,012	20,467,750	3.1%
Federal Funds	6,595,166	9,759,546	5,300,434	5,299,301	(0.0%)

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(3) COLORADO COMMISSION ON HIGHER EDUCATION FINANCIAL AID

Financial aid programs assist students in covering the cost of higher education. This section includes state appropriations for need based grants, merit based grants, work study, and various special purpose financial aid programs.

(A) Need Based Grants

Need Based Grants	124,935,001	125,005,343	128,466,694	140,347,061	*
General Fund	9,774,030	10,122,678	993,997	12,874,364	
General Fund Exempt	115,160,971	114,796,702	127,287,141	127,287,141	
Reappropriated Funds	0	85,963	185,556	185,556	
SUBTOTAL - (A) Need Based Grants	124,935,001	125,005,343	128,466,694	140,347,061	9.2%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	9,774,030	10,122,678	993,997	12,874,364	1195.2%
General Fund Exempt	115,160,971	114,796,702	127,287,141	127,287,141	0.0%
Reappropriated Funds	0	85,963	185,556	185,556	0.0%

(B) Work Study

Work Study	20,806,014	20,506,321	21,432,328	23,413,178	*
General Fund	5,000,000	4,073,993	0	1,980,850	
General Fund Exempt	15,806,014	16,432,328	21,432,328	21,432,328	
SUBTOTAL - (B) Work Study	20,806,014	20,506,321	21,432,328	23,413,178	9.2%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	5,000,000	4,073,993	0	1,980,850	0.0%
General Fund Exempt	15,806,014	16,432,328	21,432,328	21,432,328	0.0%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(C) Merit Based Grants

Merit Based Grants	<u>5,181,007</u>	<u>4,999,999</u>	<u>5,000,000</u>	<u>5,000,000</u>	
General Fund	5,181,007	4,999,999	0	0	
General Fund Exempt	0	0	5,000,000	5,000,000	

SUBTOTAL - (C) Merit Based Grants	5,181,007	4,999,999	5,000,000	5,000,000	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	5,181,007	4,999,999	0	0	0.0%
General Fund Exempt	0	0	5,000,000	5,000,000	0.0%

(D) Special Purpose

Veterans'/Law Enforcement/POW Tuition Assistance	<u>629,311</u>	<u>635,507</u>	<u>672,000</u>	<u>672,000</u>	
General Fund	629,311	635,507	672,000	672,000	
Native American Students/Fort Lewis College	<u>16,157,618</u>	<u>17,364,248</u>	<u>16,948,194</u>	<u>16,574,985</u>	*
General Fund	1,315,637	2,522,267	0	0	
General Fund Exempt	14,841,981	14,841,981	16,948,194	16,574,985	
Emergency Completion and Retention Grant	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,500,000</u>	*
General Fund	0	0	0	1,500,000	
Colorado Opportunity Scholarship Initiative Fund	<u>9,572,074</u>	<u>12,536,101</u>	<u>5,000,000</u>	<u>9,000,000</u>	*
General Fund	5,000,000	5,000,000	0	4,000,000	
General Fund Exempt	0	0	5,000,000	5,000,000	
Cash Funds	4,572,074	7,536,101	0	0	

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Tuition Assistance for Career and Technical Education					
Certificate Programs	<u>158,044</u>	<u>363,399</u>	<u>450,000</u>	<u>450,000</u>	
General Fund	158,044	363,399	450,000	450,000	
National Guard Tuition Assistance Fund	<u>800,000</u>	<u>800,000</u>	<u>0</u>	<u>0</u>	
General Fund	800,000	800,000	0	0	
SUBTOTAL - (D) Special Purpose	27,317,047	31,699,255	23,070,194	28,196,985	22.2%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	7,902,992	9,321,173	1,122,000	6,622,000	490.2%
General Fund Exempt	14,841,981	14,841,981	21,948,194	21,574,985	(1.7%)
Cash Funds	4,572,074	7,536,101	0	0	0.0%
TOTAL - (3) Colorado Commission on Higher Education Financial Aid	178,239,069	182,210,918	177,969,216	196,957,224	10.7%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	27,858,029	28,517,843	2,115,997	21,477,214	915.0%
General Fund Exempt	145,808,966	146,071,011	175,667,663	175,294,454	(0.2%)
Cash Funds	4,572,074	7,536,101	0	0	0.0%
Reappropriated Funds	0	85,963	185,556	185,556	0.0%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(4) COLLEGE OPPORTUNITY FUND PROGRAM

This section includes General Fund appropriations for student stipend payments and for fee-for-service contracts between the Colorado Commission on Higher Education and the governing boards that oversee the state higher education institutions.

(A) Stipends

Stipends for eligible full-time equivalent students attending state institutions

	<u>283,694,654</u>	<u>280,807,833</u>	<u>291,259,844</u>	<u>314,246,227</u> *
General Fund	28,212,607	34,948,289	0	22,986,383
General Fund Exempt	255,482,047	245,859,544	291,259,844	291,259,844

Stipends for eligible full-time equivalent students attending participating private institutions

	<u>1,506,375</u>	<u>1,313,375</u>	<u>1,481,865</u>	<u>1,608,798</u> *
General Fund	0	0	38,490	165,423
General Fund Exempt	1,506,375	1,313,375	1,443,375	1,443,375

SUBTOTAL - (A) Stipends	285,201,029	282,121,208	292,741,709	315,855,025	7.9%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	28,212,607	34,948,289	38,490	23,151,806	60050.2%
General Fund Exempt	256,988,422	247,172,919	292,703,219	292,703,219	0.0%

(B) Fee-for-service Contracts with State Institutions

Fee-for-service Contracts with State Institutions Pursuant to Section 23-18-303, C.R.S.

	<u>246,756,224</u>	<u>240,810,512</u>	<u>252,068,162</u>	<u>275,675,654</u> *
General Fund	26,059,525	1,131,643	0	23,607,492
General Fund Exempt	220,696,699	239,678,869	252,068,162	252,068,162

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Fee-for-service Contracts with State Institutions for					
Specialty Education Programs	<u>116,133,797</u>	<u>116,411,292</u>	<u>120,174,679</u>	<u>130,424,521</u> *	
General Fund	11,732,099	9,594	3,772,981	13,649,614	
General Fund Exempt	104,401,698	116,401,698	116,401,698	116,774,907	
Limited Purpose Fee-for-Service Contracts with State					
Institutions	<u>86,960</u>	<u>336,960</u>	<u>336,960</u>	<u>336,960</u>	
General Fund	86,960	336,960	336,960	336,960	
Fee-for-service Contracts with State Institutions	<u>0</u>	<u>8,555,044</u>	<u>0</u>	<u>0</u>	
General Fund	0	8,555,044	0	0	
SUBTOTAL - (B) Fee-for-service Contracts with State					
Institutions	362,976,981	366,113,808	372,579,801	406,437,135	9.1%
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	37,878,584	10,033,241	4,109,941	37,594,066	814.7%
General Fund Exempt	325,098,397	356,080,567	368,469,860	368,843,069	0.1%
TOTAL - (4) College Opportunity Fund Program					
	648,178,010	648,235,016	665,321,510	722,292,160	8.6%
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	66,091,191	44,981,530	4,148,431	60,745,872	1364.3%
General Fund Exempt	582,086,819	603,253,486	661,173,079	661,546,288	0.1%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(5) GOVERNING BOARDS

This section includes spending authority for revenue earned by the state higher education institutions from student stipend payments, fee-for-service contracts with the Colorado Commission on Higher Education, tuition, and miscellaneous other sources. Cash funds are primarily from tuition and student fees. Reappropriated funds are initially appropriated as General Fund in the College Opportunity Fund Program section.

(A) Trustees of Adams State University

Trustees of Adams State College	<u>39,739,427</u>	<u>40,400,247</u>	<u>41,644,400</u>	<u>42,962,001</u> *	
FTE	320.8	323.8	339.5	339.5	
Cash Funds	25,618,410	26,323,887	27,384,437	28,186,834	
Reappropriated Funds	14,121,017	14,076,360	14,259,963	14,775,167	
SUBTOTAL - (A) Trustees of Adams State University	39,739,427	40,400,247	41,644,400	42,962,001	3.2%
<i>FTE</i>	<u>320.8</u>	<u>323.8</u>	<u>339.5</u>	<u>339.5</u>	(0.0%)
Cash Funds	25,618,410	26,323,887	27,384,437	28,186,834	2.9%
Reappropriated Funds	14,121,017	14,076,360	14,259,963	14,775,167	3.6%

(B) Trustees of Colorado Mesa University

Trustees of Colorado Mesa University	<u>92,025,821</u>	<u>95,917,634</u>	<u>102,178,724</u>	<u>107,044,487</u> *	
FTE	666.7	705.8	728.3	728.3	
Cash Funds	67,560,465	71,636,905	76,227,563	78,616,740	
Reappropriated Funds	24,465,356	24,280,729	25,951,161	28,427,747	
SUBTOTAL - (B) Trustees of Colorado Mesa University	92,025,821	95,917,634	102,178,724	107,044,487	4.8%
<i>FTE</i>	<u>666.7</u>	<u>705.8</u>	<u>728.3</u>	<u>728.3</u>	0.0%
Cash Funds	67,560,465	71,636,905	76,227,563	78,616,740	3.1%
Reappropriated Funds	24,465,356	24,280,729	25,951,161	28,427,747	9.5%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(C) Trustees of Metropolitan State College of Denver

Trustees of Metropolitan State College of Denver	<u>166,702,575</u>	<u>174,374,023</u>	<u>183,224,694</u>	<u>191,734,049</u>	*
FTE	<u>1,325.7</u>	<u>1,345.4</u>	<u>1,392.8</u>	<u>1,392.8</u>	
Cash Funds	116,549,176	122,959,022	131,598,091	135,234,609	
Reappropriated Funds	50,153,399	51,415,001	51,626,603	56,499,440	

SUBTOTAL - (C) Trustees of Metropolitan State College of Denver	166,702,575	174,374,023	183,224,694	191,734,049	4.6%
FTE	<u>1,325.7</u>	<u>1,345.4</u>	<u>1,392.8</u>	<u>1,392.8</u>	0.0%
Cash Funds	116,549,176	122,959,022	131,598,091	135,234,609	2.8%
Reappropriated Funds	50,153,399	51,415,001	51,626,603	56,499,440	9.4%

(D) Trustees of Western State College

Trustees of Western State College	<u>32,356,791</u>	<u>35,121,312</u>	<u>36,488,140</u>	<u>38,213,395</u>	*
FTE	<u>248.8</u>	<u>257.2</u>	<u>250.2</u>	<u>250.2</u>	
Cash Funds	21,372,696	23,586,385	24,666,243	25,432,623	
Reappropriated Funds	10,984,095	11,534,927	11,821,897	12,780,772	

SUBTOTAL - (D) Trustees of Western State College	32,356,791	35,121,312	36,488,140	38,213,395	4.7%
FTE	<u>248.8</u>	<u>257.2</u>	<u>250.2</u>	<u>250.2</u>	(0.0%)
Cash Funds	21,372,696	23,586,385	24,666,243	25,432,623	3.1%
Reappropriated Funds	10,984,095	11,534,927	11,821,897	12,780,772	8.1%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(E) Board of Governors of the Colorado State University System

Board of Governors of the Colorado State University
System

	<u>594,319,942</u>	<u>649,917,940</u>	<u>673,516,057</u>	<u>703,305,472</u>	*
FTE	4,868.8	4,752.8	5,115.2	5,115.2	
Cash Funds	459,659,757	515,399,633	534,230,531	552,278,659	
Reappropriated Funds	134,660,185	134,518,307	139,285,526	151,026,813	

SUBTOTAL - (E) Board of Governors of the Colorado

State University System	594,319,942	649,917,940	673,516,057	703,305,472	4.4%
<i>FTE</i>	<u>4,868.8</u>	<u>4,752.8</u>	<u>5,115.2</u>	<u>5,115.2</u>	0.0%
Cash Funds	459,659,757	515,399,633	534,230,531	552,278,659	3.4%
Reappropriated Funds	134,660,185	134,518,307	139,285,526	151,026,813	8.4%

(F) Trustees of Fort Lewis College

Trustees of Fort Lewis College

	<u>56,859,423</u>	<u>54,604,130</u>	<u>57,601,319</u>	<u>59,807,069</u>	*
FTE	415.0	422.5	441.4	441.4	
Cash Funds	45,037,000	43,122,930	45,816,380	47,596,844	
Reappropriated Funds	11,822,423	11,481,200	11,784,939	12,210,225	

SUBTOTAL - (F) Trustees of Fort Lewis College

	56,859,423	54,604,130	57,601,319	59,807,069	3.8%
<i>FTE</i>	<u>415.0</u>	<u>422.5</u>	<u>441.4</u>	<u>441.4</u>	0.0%
Cash Funds	45,037,000	43,122,930	45,816,380	47,596,844	3.9%
Reappropriated Funds	11,822,423	11,481,200	11,784,939	12,210,225	3.6%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(G) Regents of the University of Colorado

Regents of the University of Colorado	<u>1,163,441,655</u>	<u>1,248,039,719</u>	<u>1,301,638,695</u>	<u>1,359,559,059</u> *	
FTE	8,007.0	8,821.1	8,255.5	8,255.5	
Cash Funds	978,825,988	1,061,507,023	1,107,320,468	1,146,365,588	
Reappropriated Funds	184,615,667	186,532,696	194,318,227	213,193,471	

SUBTOTAL - (G) Regents of the University of Colorado	1,163,441,655	1,248,039,719	1,301,638,695	1,359,559,059	4.4%
FTE	<u>8,007.0</u>	<u>8,821.1</u>	<u>8,255.5</u>	<u>8,255.5</u>	(0.0%)
Cash Funds	978,825,988	1,061,507,023	1,107,320,468	1,146,365,588	3.5%
Reappropriated Funds	184,615,667	186,532,696	194,318,227	213,193,471	9.7%

(H) Trustees of the Colorado School of Mines

Trustees of the Colorado School of Mines	<u>156,078,569</u>	<u>164,023,299</u>	<u>170,815,394</u>	<u>177,422,870</u> *	
FTE	851.8	952.4	952.4	952.4	
Cash Funds	135,531,241	143,384,249	149,330,688	155,048,595	
Reappropriated Funds	20,547,328	20,639,050	21,484,706	22,374,275	

SUBTOTAL - (H) Trustees of the Colorado School of Mines	156,078,569	164,023,299	170,815,394	177,422,870	3.9%
FTE	<u>851.8</u>	<u>952.4</u>	<u>952.4</u>	<u>952.4</u>	0.0%
Cash Funds	135,531,241	143,384,249	149,330,688	155,048,595	3.8%
Reappropriated Funds	20,547,328	20,639,050	21,484,706	22,374,275	4.1%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(I) University of Northern Colorado

University of Northern Colorado	<u>137,479,040</u>	<u>144,038,615</u>	<u>159,405,633</u>	<u>165,161,319</u> *	
FTE	1,196.2	1,218.6	1,308.0	1,308.0	
Cash Funds	96,386,311	104,925,381	119,808,225	123,352,763	
Reappropriated Funds	41,092,729	39,113,234	39,597,408	41,808,556	

SUBTOTAL - (I) University of Northern Colorado	137,479,040	144,038,615	159,405,633	165,161,319	3.6%
FTE	<u>1,196.2</u>	<u>1,218.6</u>	<u>1,308.0</u>	<u>1,308.0</u>	0.0%
Cash Funds	96,386,311	104,925,381	119,808,225	123,352,763	3.0%
Reappropriated Funds	41,092,729	39,113,234	39,597,408	41,808,556	5.6%

(J) State Board for Community Colleges and Occupational Education State System Community Colleges

State Board for Community Colleges and Occupational Education State System Community Colleges	<u>429,435,325</u>	<u>441,207,383</u>	<u>472,361,987</u>	<u>495,542,136</u> *	
FTE	5,779.7	5,858.9	5,848.6	5,848.6	
Cash Funds	275,798,824	287,877,236	318,652,772	327,955,240	
Reappropriated Funds	153,636,501	153,330,147	153,709,215	167,586,896	

SUBTOTAL - (J) State Board for Community Colleges and Occupational Education State System Community Colleges	429,435,325	441,207,383	472,361,987	495,542,136	4.9%
FTE	<u>5,779.7</u>	<u>5,858.9</u>	<u>5,848.6</u>	<u>5,848.6</u>	0.0%
Cash Funds	275,798,824	287,877,236	318,652,772	327,955,240	2.9%
Reappropriated Funds	153,636,501	153,330,147	153,709,215	167,586,896	9.0%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
TOTAL - (5) Governing Boards	2,868,438,568	3,047,644,302	3,198,875,043	3,340,751,857	4.4%
<i>FTE</i>	<u>23,680.5</u>	<u>24,658.5</u>	<u>24,631.9</u>	<u>24,631.9</u>	0.0%
Cash Funds	2,222,339,868	2,400,722,651	2,535,035,398	2,620,068,495	3.4%
Reappropriated Funds	646,098,700	646,921,651	663,839,645	720,683,362	8.6%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(6) LOCAL DISTRICT COLLEGE GRANTS PURSUANT TO SECTION 23-71-301, C.R.S.

This section includes state subsidies for the operation of Colorado's two local district colleges: Aims Community College and Colorado Mountain College. Local district colleges receive financial support from special property tax districts and are governed by boards elected by tax district residents. Students from the districts pay discounted tuition rates.

Colorado Mountain College	<u>7,452,827</u>	<u>7,673,741</u>	<u>7,833,713</u>	<u>8,458,001</u> *	
General Fund	1,102,019	1,102,019	1,278,464	1,902,752	
General Fund Exempt	6,041,020	6,041,020	6,041,020	6,041,020	
Cash Funds	309,788	530,702	514,229	514,229	
Aims Community College	<u>8,797,792</u>	<u>9,079,459</u>	<u>9,223,890</u>	<u>9,962,069</u> *	
General Fund	1,836,871	1,836,871	2,045,505	2,783,684	
General Fund Exempt	6,609,305	6,609,305	6,609,305	6,609,305	
Cash Funds	351,616	633,283	569,080	569,080	

TOTAL - (6) Local District College Grants Pursuant to Section 23-71-301, C.R.S.	16,250,619	16,753,200	17,057,603	18,420,070	8.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	2,938,890	2,938,890	3,323,969	4,686,436	41.0%
General Fund Exempt	12,650,325	12,650,325	12,650,325	12,650,325	0.0%
Cash Funds	661,404	1,163,985	1,083,309	1,083,309	0.0%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(7) DIVISION OF OCCUPATIONAL EDUCATION

This section includes all state funding and most federal funding distributed to K-12 and higher education institutions for occupational education programs. The State Board for Community Colleges and Occupational Education is responsible for distributing these funds consistent with state and federal law. Most reappropriated funds are from transfers from the Governor's Office of Economic Development and the Department of Education.

(A) Administrative Costs

Administrative Costs	<u>715,469</u>	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	
FTE	9.0	9.0	9.0	9.0	
Reappropriated Funds	715,469	900,000	900,000	900,000	
SUBTOTAL - (A) Administrative Costs	715,469	900,000	900,000	900,000	0.0%
<i>FTE</i>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>0.0%</u>
Reappropriated Funds	715,469	900,000	900,000	900,000	0.0%

(B) Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.

Distributions of State Assistance for Career and Technical Education	<u>25,436,648</u>	<u>25,639,363</u>	<u>26,164,481</u>	<u>26,164,481</u>	
Reappropriated Funds	25,436,648	25,639,363	26,164,481	26,164,481	
SUBTOTAL - (B) Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.	25,436,648	25,639,363	26,164,481	26,164,481	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Reappropriated Funds	25,436,648	25,639,363	26,164,481	26,164,481	0.0%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(C) Area Technical College Support

Area Technical College Support	<u>9,971,721</u>	<u>9,971,721</u>	<u>10,218,039</u>	<u>11,089,548</u> *	
General Fund	<u>1,879,876</u>	<u>1,879,876</u>	<u>2,126,194</u>	<u>2,997,703</u>	
General Fund Exempt	<u>8,091,845</u>	<u>8,091,845</u>	<u>8,091,845</u>	<u>8,091,845</u>	

SUBTOTAL - (C) Area Technical College Support	<u>9,971,721</u>	<u>9,971,721</u>	<u>10,218,039</u>	<u>11,089,548</u>	8.5%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	0.0%
General Fund	<u>1,879,876</u>	<u>1,879,876</u>	<u>2,126,194</u>	<u>2,997,703</u>	41.0%
General Fund Exempt	<u>8,091,845</u>	<u>8,091,845</u>	<u>8,091,845</u>	<u>8,091,845</u>	0.0%

(D) Sponsored Programs

Administration	<u>2,162,625</u>	<u>2,229,863</u>	<u>2,220,227</u>	<u>2,220,227</u>	
FTE	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	
Federal Funds	<u>2,162,625</u>	<u>2,229,863</u>	<u>2,220,227</u>	<u>2,220,227</u>	
Programs	<u>13,562,368</u>	<u>13,802,151</u>	<u>13,353,751</u>	<u>13,353,751</u>	
Federal Funds	<u>13,562,368</u>	<u>13,802,151</u>	<u>13,353,751</u>	<u>13,353,751</u>	

SUBTOTAL - (D) Sponsored Programs	<u>15,724,993</u>	<u>16,032,014</u>	<u>15,573,978</u>	<u>15,573,978</u>	0.0%
<i>FTE</i>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	0.0%
Federal Funds	<u>15,724,993</u>	<u>16,032,014</u>	<u>15,573,978</u>	<u>15,573,978</u>	0.0%

(E) Colorado First Customized Job Training

Colorado First Customized Job Training	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	
Reappropriated Funds	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
SUBTOTAL - (E) Colorado First Customized Job					
Training	4,500,000	4,500,000	4,500,000	4,500,000	0.0%
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
Reappropriated Funds	4,500,000	4,500,000	4,500,000	4,500,000	0.0%
TOTAL - (7) Division of Occupational Education	56,348,831	57,043,098	57,356,498	58,228,007	1.5%
<i>FTE</i>	<u>32.0</u>	<u>32.0</u>	<u>32.0</u>	<u>32.0</u>	<u>0.0%</u>
General Fund	1,879,876	1,879,876	2,126,194	2,997,703	41.0%
General Fund Exempt	8,091,845	8,091,845	8,091,845	8,091,845	0.0%
Reappropriated Funds	30,652,117	31,039,363	31,564,481	31,564,481	0.0%
Federal Funds	15,724,993	16,032,014	15,573,978	15,573,978	0.0%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(8) AURARIA HIGHER EDUCATION CENTER

Established by statute in 1974, the Auraria Higher Education Center (AHEC) is governed by a Board of Directors who oversee the centralized operations of the campus located in Denver. AHEC provides common services to the Community College of Denver, Metropolitan State University of Denver, and the University of Colorado at Denver. Reappropriated funds are from the three governing boards that share the AHEC campus.

Administration	<u>18,852,754</u>	<u>19,628,225</u>	<u>21,493,175</u>	<u>22,567,834</u> *
FTE	191.0	190.2	190.2	190.2
Reappropriated Funds	18,852,754	19,628,225	21,493,175	22,567,834

TOTAL - (8) Auraria Higher Education Center	18,852,754	19,628,225	21,493,175	22,567,834	5.0%
FTE	191.0	190.2	190.2	190.2	(0.0%)
Reappropriated Funds	18,852,754	19,628,225	21,493,175	22,567,834	5.0%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(9) HISTORY COLORADO

The State Historical Society (History Colorado) collects, preserves, exhibits, and interprets artifacts and properties of historical significance to the State. It also distributes gaming revenues earmarked for historic preservation. Cash funds include gaming revenues that are deposited to various State Historic Fund accounts, museum revenues, gifts, and grants.

(A) Central Administration

Central Administration	<u>1,128,235</u>	<u>1,489,661</u>	<u>1,184,667</u>	<u>1,187,208</u>	
FTE	12.0	12.0	12.0	12.0	
Cash Funds	908,056	1,373,319	1,068,325	1,070,866	
Federal Funds	220,179	116,342	116,342	116,342	
Facilities Management	<u>1,784,346</u>	<u>1,777,146</u>	<u>1,477,450</u>	<u>1,482,010</u>	
FTE	7.5	7.5	7.5	7.5	
Cash Funds	1,784,346	1,777,146	1,477,450	1,482,010	
Lease Purchase of Colorado History Museum	<u>3,021,830</u>	<u>3,021,415</u>	<u>3,121,813</u>	<u>3,021,860</u>	
Cash Funds	3,021,830	3,021,415	3,121,813	3,021,860	
SUBTOTAL - (A) Central Administration	5,934,411	6,288,222	5,783,930	5,691,078	(1.6%)
FTE	19.5	19.5	19.5	19.5	0.0%
Cash Funds	5,714,232	6,171,880	5,667,588	5,574,736	(1.6%)
Federal Funds	220,179	116,342	116,342	116,342	0.0%

(B) History Colorado Museums

History Colorado Center	<u>3,986,469</u>	<u>4,388,444</u>	<u>4,611,859</u>	<u>4,611,859</u>	
FTE	56.4	56.4	56.4	56.4	
Cash Funds	3,892,211	3,934,985	4,537,882	4,537,882	
Federal Funds	94,258	453,459	73,977	73,977	

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
Community Museums	<u>923,257</u>	<u>1,082,070</u>	<u>2,948,601</u>	<u>2,912,910</u>	
FTE	14.5	20.5	20.5	20.5	
General Fund	0	0	1,461,401	1,425,710	
Cash Funds	923,257	1,082,070	1,487,200	1,487,200	
Museum Exhibits	<u>0</u>	<u>149,184</u>	<u>0</u>	<u>0</u>	
Cash Funds	0	149,184	0	0	
SUBTOTAL - (B) History Colorado Museums	4,909,726	5,619,698	7,560,460	7,524,769	(0.5%)
<i>FTE</i>	<u>70.9</u>	<u>76.9</u>	<u>76.9</u>	<u>76.9</u>	0.0%
General Fund	0	0	1,461,401	1,425,710	(2.4%)
Cash Funds	4,815,468	5,166,239	6,025,082	6,025,082	0.0%
Federal Funds	94,258	453,459	73,977	73,977	0.0%
(C) Office of Archeology and Historic Preservation					
Program Costs	<u>1,641,524</u>	<u>1,635,071</u>	<u>1,550,534</u>	<u>1,552,190</u>	
FTE	23.0	23.0	23.0	23.0	
Cash Funds	575,468	550,822	669,120	669,882	
Reappropriated Funds	0	24,391	97,283	97,283	
Federal Funds	1,066,056	1,059,858	784,131	785,025	
SUBTOTAL - (C) Office of Archeology and Historic Preservation	1,641,524	1,635,071	1,550,534	1,552,190	0.1%
<i>FTE</i>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	<u>23.0</u>	0.0%
Cash Funds	575,468	550,822	669,120	669,882	0.1%
Reappropriated Funds	0	24,391	97,283	97,283	0.0%
Federal Funds	1,066,056	1,059,858	784,131	785,025	0.1%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
--	----------------------	----------------------	-----------------------------	-----------------------	------------------------------

(D) State Historical Fund Program

Administration	<u>1,656,534</u>	<u>1,376,850</u>	<u>1,703,303</u>	<u>1,703,303</u>	
FTE	18.0	18.0	18.0	18.0	
Cash Funds	1,656,534	1,376,850	1,703,303	1,703,303	
Grants	<u>7,842,454</u>	<u>9,176,666</u>	<u>8,250,000</u>	<u>8,250,000</u>	
Cash Funds	7,842,454	9,176,666	8,250,000	8,250,000	
Gaming Cities Distribution	<u>4,891,200</u>	<u>5,103,136</u>	<u>5,300,000</u>	<u>5,300,000</u>	
Cash Funds	4,891,200	5,103,136	5,300,000	5,300,000	

SUBTOTAL - (D) State Historical Fund Program	14,390,188	15,656,652	15,253,303	15,253,303	0.0%
FTE	<u>18.0</u>	<u>18.0</u>	<u>18.0</u>	<u>18.0</u>	<u>0.0%</u>
Cash Funds	14,390,188	15,656,652	15,253,303	15,253,303	0.0%

(E) Cumbres and Toltec Railroad Commission

Cumbres and Toltec Railroad Commission	<u>381,646</u>	<u>198,081</u>	<u>1,960,000</u>	<u>1,960,000</u>	
General Fund	361,646	178,081	1,295,000	1,295,000	
Cash Funds	20,000	20,000	665,000	665,000	

SUBTOTAL - (E) Cumbres and Toltec Railroad Commission	381,646	198,081	1,960,000	1,960,000	0.0%
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0%</u>
General Fund	361,646	178,081	1,295,000	1,295,000	0.0%
Cash Funds	20,000	20,000	665,000	665,000	0.0%

Appendix A: Number Pages

	FY 2015-16 Actual	FY 2016-17 Actual	FY 2017-18 Appropriation	FY 2018-19 Request	Request vs. Appropriation
TOTAL - (9) History Colorado	27,257,495	29,397,724	32,108,227	31,981,340	(0.4%)
<i>FTE</i>	<u>131.4</u>	<u>137.4</u>	<u>137.4</u>	<u>137.4</u>	0.0%
General Fund	361,646	178,081	2,756,401	2,720,710	(1.3%)
Cash Funds	25,515,356	27,565,593	28,280,093	28,188,003	(0.3%)
Reappropriated Funds	0	24,391	97,283	97,283	0.0%
Federal Funds	1,380,493	1,629,659	974,450	975,344	0.1%
TOTAL - Department of Higher Education	3,848,583,650	4,086,047,086	4,301,613,531	4,528,718,777	5.3%
<i>FTE</i>	<u>24,127.3</u>	<u>25,108.8</u>	<u>25,087.2</u>	<u>25,087.2</u>	0.0%
General Fund	107,429,003	99,106,639	31,974,567	118,907,962	271.9%
General Fund Exempt	748,637,955	770,066,667	862,933,333	862,933,333	0.0%
Cash Funds	2,268,148,943	2,474,218,525	2,645,689,267	2,727,135,172	3.1%
Reappropriated Funds	700,011,519	714,562,600	738,374,874	796,929,848	7.9%
Federal Funds	24,356,230	28,092,655	22,641,490	22,812,462	0.8%

APPENDIX B

RECENT LEGISLATION AFFECTING DEPARTMENT BUDGET

2016 SESSION BILLS

S.B. 16-073 (STATE AUDITOR AUDIT HISTORIC FUND DISTRIBUTION): Requires the State Auditor to conduct postaudits and performance audits of the limited gaming funds that are transferred to the State Historical Fund for the preservation and restoration of the gaming cities of Central, Black Hawk, and Cripple Creek. The State Auditor must conduct three audits, no later than September 1, 2017, September 1, 2022, and September 1, 2027.

S.B. 16-104 (INCENTIVES TO BUILD NUMBER OF RURAL TEACHERS): Creates several new programs to provide incentives for individuals to become teachers in rural school districts, and to support the needs of professional educators in rural school districts: provides funding for a rural education coordinator (\$145,000); provides financial stipends for student teachers who agree to teach in rural areas (\$112,000), provides support for teacher cadet programs to support high school students interested in pursuing teaching careers in rural schools (\$50,000); provides funds for national board certification, concurrent enrollment certification, and other professional development for rural teachers (\$120,000); and provides support to the Department of Higher Education to oversee these programs. Provides an appropriation of \$441,095 General Fund and 0.3 FTE to the Department of Higher Education for the new programs and related administrative costs for FY 2016-17; and (2) adjusts FY 2016-17 appropriations in the Department of Education for the State Share of Districts' Total Program Funding to increase funding from the State Public School Fund by \$441,095 cash funds and decrease funding from the General Fund by the same amount.

S.B. 16-121 (HIGHER EDUCATION REVENUE PLEDGED FOR BONDING): Allows the governing board of a higher education institution or institutions to pledge up to 100 percent of tuition revenues, excluding any General Fund appropriations, when it issues bonds to pay the costs of a capital project. Institutions that participate in the Higher Education Revenue Bond Intercept Program (intercept program) are only allowed to pledge up to 10 percent of tuition revenues, which is the amount permitted in current law.

S.B. 16-191 (MARIJUANA RESEARCH MARIJUANA TAX CASH FUND): Authorizes the General Assembly to appropriate money from the Marijuana Tax Cash Fund (MTCF) to the Board of Governors of the Colorado State University System (CSU) to fund scientific and social science research at CSU-Pueblo concerning marijuana and other matters that impact the state and its regions. Appropriates \$900,000 cash funds from the MTCF to CSU-Pueblo for FY 2016-17 for this purpose. Continues ongoing study in the Department of Public Safety (DPS) of law enforcement's costs related to legalization of marijuana. Appropriates \$79,992 cash funds from the MTCF for this purpose for FY 2016-17. Also requires the Governor's Office of Marijuana Coordination to facilitate data sharing and address data gaps related to the impact of marijuana legalization on public health, safety, or economic issues.

S.B. 16-196 (INCLUSIVE HIGHER EDUCATION PILOT PROGRAM): Creates an inclusive higher education pilot program aimed at establishing higher education programs for students with intellectual

and developmental disabilities. The program will operate from FY 2016-17 through FY 2020-21 at three institutions: the University of Northern Colorado, the University of Colorado-Colorado Springs, and Arapahoe Community College. Appropriates \$250,000 General Fund to the Department of Higher Education and reappropriates this amount, within the Department, to the participating governing boards for FY 2016-17. Transfers \$250,000 cash funds from the Intellectual and Development Disabilities Services (IDD) Cash Fund to the General Fund to support FY 2016-17 and FY 2017-18 General Fund appropriations for this program.

S.B. 16-204 (HIGHER EDUCATION REVENUE BOND INTERCEPT PROGRAM): Makes various changes to the higher education revenue bond intercept program. This program enables higher education institutions to issue debt under the State's credit rating. Changes include expanding legislative review and approval process for intercept debt so that the Capital Development Committee and the Joint Budget Committee must explicitly approve expansion of all intercept debt for all participating governing boards. Also caps the program based on General Fund appropriations to each governing board, and changes how the debt coverage ratio test that a governing board must pass to qualify for the program is calculated. Requires an annual report on the program from the Treasurer's Office, requires Treasurer pre-approval of new intercept debt, and authorizes the Treasurer to authorize refinance of existing intercept debt under certain circumstances.

SUMMARY PREVIOUS PROVISIONS FOR QUALIFYING FOR HIGHER EDUCATION REVENUE BOND INTERCEPT PROGRAM VERSUS S.B. 16-204 REQUIREMENTS FOR NEW BONDS ISSUED		
	PREVIOUS	S.B. 16-204
Coverage ratio (Funds Available for Debt Service/Debt Service)		
Intercept debt only	150%	n/a
All debt	n/a	150%
Credit Rating	In 3 highest categories/ A-rated	In 3 highest categories/ A-rated
Annual payments for all bonds issued under the intercept program as a percent of annual governing board General Fund appropriation (at time of issuance)	n/a	75%
Pre-certification by Treasurer for intercept debt increase	n/a	Yes
CDC/JBC approval for intercept debt increase	Some	All
Treasurer approval for refinance existing intercept debt	Some	All

S.B. 16-209 (AUTHORIZE SCHOOL DISTRICT PROPERTY LEASE TO HIGHER ED INSTITUTION): Authorizes a school district board of education to lease school district property to a state institution of higher education and to accept in-kind services (such as tuition reduction or scholarships for their students) from the institution as all or part of the lease payments. The bill clarifies that a school district may issue bonds to construct a building for lease to a state institution of higher education.

H.B. 16-1083 (WESTERN STATE COLORADO ROLE AND MISSION): Changes the admission standard for Western State Colorado University to "selective" from "moderately selective".

H.B. 16-1229 (HIGHER ED FINANCIAL OBLIGATION REPAYMENT): Effective FY 2015-16, transfers federal mineral lease (FML) revenues in the Higher Education Maintenance and Reserve Fund (reserve fund) into the Higher Education Federal Mineral Lease Revenues Fund (revenues fund). The revenues fund pays for lease purchase agreements (certificates of participation/COPs) to fund capital construction projects at state institutions of higher education. The bill then eliminates the reserve fund and directs all FML money previously deposited to the reserve fund to the revenues fund. The bill also prohibits the state from entering into any additional lease-purchase agreements to be funded from the revenues fund. Finally, the bill clarifies that annual appropriations for these higher

education COP payments are made to the Department of Higher Education for transfer to the State Treasurer.

H.B. 16-1241 (HIGHER EDUCATION SUPPLEMENTAL): Makes supplemental adjustments to FY 2015-16 and FY 2014-15 appropriations to the Department of Higher Education.

H.B. 16-1350 (HIGHER EDUCATION TRANSFERS FEE-FOR-SERVICE CONTRACT): Makes a technical adjustment to the Department of Higher Education's authority to make certain year-end transfers. Expands the Department's authority to make year-end transfers between College Opportunity Fund Program student stipends and fee-for-service appropriations. Allows such transfers to include fee-for-service appropriations for specialty education programs such as the medical school at the University of Colorado Health Sciences Center.

H.B. 16-1352 (HISTORY COLORADO CASH FUND): Allows money in the State Museum Cash Fund to be appropriated for exhibit planning, development, and build-out at all State Historical Society facilities, instead of limiting use of these funds to development of the new state history museum. For FY 2016-17, appropriates \$2.0 million from the State Museum Cash Fund for exhibit planning, development, and build-out at state facilities. The State Historical Society has four years to spend the appropriation. Also requires that \$3.0 million, plus interest earned on that amount beginning on July 1, 2015, must be retained in the cash fund as a controlled maintenance reserve for the new museum. This amount is available for appropriation beginning in FY 2027-28.

H.B. 16-1405 (LONG BILL): General appropriations act for FY 2016-17. Also includes supplemental adjustments to FY 2015-16 appropriations for the Department of Higher Education.

H.B. 16-1408 (CASH FUND ALLOCATIONS FOR HEALTH-RELATED PROGRAMS): Establishes a new formula for the allocation of the annual payment received by the state as part of the Tobacco Master Settlement Agreement (Tobacco MSA). Increases annual allocations to most programs receiving funding under the current distribution, while eliminating dedicated funding for six purposes and replacing five of them with appropriations from the Marijuana Tax Cash Fund. Also modifies statute concerning higher education fee-for-service contracts paid to the University of Colorado for specialty education services, specifying that these contracts include care provided by faculty of the University of Colorado Health Sciences Center that are eligible for payment under the state's Medicaid provider reimbursement. Among other appropriations, appropriates an additional \$2,972,504 cash funds to the Department of Higher Education in FY 2016-17 for use by the University of Colorado Health Sciences. Of this amount, \$1,751,471 is designated for cancer research. For additional information see the recent legislation section at the end of the Department of Public Health and Environment.

H.B. 16-1453 (COLORADO CYBERSECURITY INITIATIVE): Creates the Colorado Cybersecurity Council in the Department of Public Safety (DPS). The Council operates as a steering group to develop cybersecurity policy guidance for the Governor, establish related goals and initiatives, and coordinate with the General Assembly and the judicial branch regarding cybersecurity. Specifies that the University of Colorado at Colorado Springs (UCCS), in partnership with a nonprofit organization, may establish and expand higher education programs in cybersecurity and establish needed cyber education and training laboratories in specified subject areas. UCCS and the nonprofit organization also may establish a secure environment for research and development, initial operational testing and evaluation, and expedited contracting for production for industrial cyber products and techniques. Creates the Cybersecurity Cash Fund (Fund) in the state treasury. Subject to annual appropriation, the

Regents of the University of Colorado may expend money from the Fund for the purposes of the bill. For FY 2016-17, the bill transfers \$7,932,020 from the General Fund to the Fund, to be reappropriated to the Department of Higher Education for use by the Regents of the University of Colorado. Also creates in the Fund a cybersecurity gifts, grants, and donations account for use by the Regents of the University of Colorado. Appropriates \$67,980 General Fund to the Department of Public Safety for FY 2016-17 for use by the Office of Prevention and Security.

2017 SESSION BILLS

S.B. 17-060 (CO STUDENT LEADERS INSTITUTE RELOCATION TO CDHE): Relocates the Colorado Student Leaders Institute from the Office of the Lieutenant Governor to the Department of Higher Education. Transfers an appropriation of \$218,825 General Fund and 1.0 FTE from the Office of the Lieutenant Governor to the Department of Higher Education for FY 2017-18.

S.B. 17-074 (CREATE MEDICATION-ASSISTED TREATMENT PROGRAM): Creates a pilot program in the College of Nursing in the University of Colorado to make grants for organizations providing medication-assisted treatment to persons with opioid use disorders in Pueblo and Routt counties. Requires an annual appropriation from the Marijuana Tax Cash Fund (MTCF) of \$500,000 in FY 2017-18 and FY 2018-19, and provides the FY 2017-18 appropriation to the Department of Higher Education for the University of Colorado. Any unexpended money is returned to the MTCF at the end of FY 2018-19. The program is repealed as of June 30, 2020.

S.B. 17-174 (ALLOCATION OF MONEY FOR NATIONAL GUARD TUITION): Removes a statutory provision requiring the Colorado Commission on Higher Education to allocate funds for tuition assistance to members of the Colorado National Guard. The change allows the General Assembly to make all of the program's FY 2017-18 and future appropriations to the Department of Military and Veterans Affairs instead of funding a portion through the Department of Higher Education.

S.B. 17-193 (RESEARCH CTR PREVENTION SUBSTANCE ABUSE ADDICTION): Creates a research center for substance abuse and addiction prevention strategies and treatment at the University of Colorado Health Sciences Center. Provides a one-time appropriation of \$1,000,000 from the Marijuana Tax Cash Fund (MTCF) for FY 2017-18 to the Department of Higher Education for allocation to the University of Colorado.

S.B. 17-254 (LONG BILL): General appropriations act for FY 2017-18. Includes provisions modifying FY 2016-17 appropriations to the Department.

S.B. 17-257 (HISTORICAL SOCIETY COMMUNITY MUSEUMS CASH): Creates the Community Museums Cash Fund to receive fees, membership dues, and other revenue earned at History Colorado's community museums. This separates these revenues from the balance of History Colorado earned revenue, which is deposited in the Enterprise Services Cash Fund. Amounts in the new fund are subject to annual appropriation for the use of the community museums. Modifies Higher Education appropriations in the FY 2017-18 Long Bill to: (1) eliminate the \$847,000 cash funds currently appropriated from the Enterprise Services Cash Fund to the community museums; (2) replace this appropriation with \$847,000 cash funds from the Community Museums Cash Fund; and (3) specify that if available revenue in the Community Museums Cash Fund is less than the

appropriated amount, an amount equal to the unused balance is appropriated from the Enterprise Services Cash Fund.

S.B. 17-258 (USING OPEN EDUCATIONAL RESOURCES IN HIGHER ED): Creates the Open Educational Resources Council in the Department of Higher Education, which is charged with overseeing a contracted study and making recommendations on increasing the use of Open Educational Resources (OER) at public institutions of higher education. Provides an appropriation of \$25,000 General Fund to the Department of Higher Education for FY 2017-18 to contract for the study of OER and for other Council expenses. The Council is repealed July 1, 2018.

S.B. 17-297 (REVISING HIGHER EDUCATION PERFORMANCE REQUIREMENTS): Revises various higher education performance requirements, including: (1) striking statutory provisions that require performance funding for higher education institutions; and (2) striking most statutory provisions requiring the state to negotiate performance contracts with public higher education institutions. Instead, requires public institutions to annually affirm the institutions' contribution toward meeting the goals of the state higher education master plan, requires goals for each institution to be outlined, and requires that each institution's contributions to the master plan be measured using data collected for state and federal reporting purposes and for populating the higher education funding model.

Reduces the authority of the Colorado Commission on Higher Education to waive a broad range statutory provisions for institutions with performance contracts, but modifies or eliminates specific statutory requirements that were previously waived by the Commission.

Requires reporting by December 1 of each year to the Joint Budget Committee and the education committees concerning the master plan goals and each institution's progress toward master plan goals and requires this information be posted to the Department's website.

H.B. 17-1140 (ENHANCE STUDENT SUPPORT CSM FEE-FOR-SERVICE FUNDS): Modifies restrictions on the Colorado School of Mines' (CSM) use of state fee-for-service contract funds. Statute previously required the Colorado School of Mines to use a portion of its fee-for-service funding to provide financial aid for in-state students, with all fee-for-service funds to be used for this purpose by FY 2021. Under the bill, CSM may also use fee-for-service funding for advising, counseling, academic support, and precollegiate program expenses.

H.B. 17-1282 (RURAL VETERINARY EDUCATION LOAN REPAYMENT PROGRAM): Creates the Veterinary Education Loan Repayment Program in Colorado State University (CSU). The program provides financial incentives through education loan repayment to licensed veterinarians to practice in rural areas with a shortage of veterinarians. Creates the Veterinary Education Loan Repayment Fund, consisting of gifts, grants, and donations and transfers from the General Assembly. Money in this fund is continuously appropriated to the State Veterinary Education Council, which operates under the supervision of the dean of CSU's College of Veterinary Medicine and Biomedical Sciences. Transfers \$140,000 from the General Fund to the Veterinary Education Loan Repayment Fund on September 1, 2017.

APPENDIX C

FOOTNOTES AND INFORMATION REQUESTS

UPDATE ON LONG BILL FOOTNOTES

FOOTNOTES OTHER THAN TUITION FOOTNOTES

- 20 Department of Health Care Policy and Financing, Grand Totals; Department of Higher Education, College Opportunity Fund Program, Fee-for-service Contracts with State Institutions, Fee-for-service Contracts with State Institutions for Specialty Education Programs and Governing Boards, Regents of the University of Colorado -- The Department of Higher Education shall transfer \$345,245 to the Department of Health Care Policy and Financing for administrative costs and family medicine residency placements associated with care provided by the faculty of the health sciences center campus at the University of Colorado that are eligible for payment pursuant to Section 25.5-4-401, C.R.S. It is the General Assembly's assumption that the Department of Health Care Policy and Financing is seeking permission from the federal Centers for Medicare and Medicaid Services to make supplemental payments to the University of Colorado School of Medicine. If permission is granted, the Department of Higher Education shall transfer the amount approved, up to \$61,521,432, to the Department of Health Care Policy and Financing in FY 2017-18 pursuant to Section 23-18-304(1)(c), C.R.S. If permission is not granted, or is granted for a lesser amount, any portion of the \$61,521,432 that is not transferred to the Department of Health Care Policy and Financing shall be transferred to the Regents of the University of Colorado.

COMMENT: The Centers for Medicare and Medicaid Services approved the supplemental payment plan during summer 2017. The University of Colorado reported that the interagency agreement between the University and the Department of Health Care Policy and Financing has been signed.

- 21 Department of Higher Education, Colorado Commission on Higher Education, Special Purpose, Tuition/Enrollment Contingency -- The Colorado Commission on Higher Education may transfer spending authority from this line item to the Governing Boards in the event that tuition revenues increase beyond appropriated levels. The spending authority for this line item is in addition to the funds appropriated directly to the Governing Boards. It is the intent of the General Assembly that the Colorado Commission on Higher Education not authorize transfers of spending authority from this line item to support tuition increases.

COMMENT: Staff anticipates that this footnote will only be invoked to the extent there is a need for further "true up" between actual expenditures and the modified FY 2017-18 appropriation at the end of the 2017-18 fiscal year. The FY 2016-17 version of this footnote (Footnote 20) was used allow institutions that had enrollment levels higher than anticipated to receive and spend the associated revenue.

- 22 Department of Higher Education, Colorado Commission on Higher Education Financial Aid, Work Study - The Colorado Commission on Higher Education may roll forward up to two percent of the Work Study appropriation to the next fiscal year.

COMMENT: The footnote provides flexibility for the Department to roll forward work study funds because employment by some students in the summer of the academic year may occur in the next state fiscal year. The Department rolled forward \$419,760 of the FY 2016-17 appropriation in this line item to FY 2017-18.

- 33 Department of Higher Education, History Colorado, Central Administration; History Colorado Museums; and Office of Archeology and Historic Preservation -- History Colorado may transfer up to 10.0 percent of the total amount appropriated in these sections between the sections and among the line items within the sections.

COMMENT: This footnote added flexibility in the History Colorado budget to assist in a smooth transition to a new budget structure beginning in FY 2015-16.

- 34 Department of Higher Education, History Colorado, Cumbres and Toltec Railroad Commission --The amount in this line item is calculated based on the following assumptions: (1) This line item includes \$202,500 for annual Commission operating expenses and other routine ongoing costs including controlled maintenance; (2) the balance of this appropriation is for capital projects including locomotive boiler repair, passenger car upgrades, and track, bridge, and tunnel upgrades; and (3) amounts above the \$202,500 ongoing operating support are based on an analysis of the Railroad's capital outlay needs over a three year period and are not assumed to continue after FY 2018-19. Amounts in this line item that are not expended by June 30, 2018 may be rolled forward for expenditure in FY 2018-19.

COMMENT: This footnote provides a record of legislative intent, given that this line item is “quasi-capital” in nature. Actual expenditures for the Cumbres and Toltec Railroad have remained well below appropriations as funds are rolled forward to future years.

TUITION FOOTNOTES

The footnotes below all reflect the General Assembly's assumptions on governing board tuition. Comments for all these footnotes are grouped at the end of this section.

- 23 Department of Higher Education, Governing Boards, Trustees of Adams State University -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2017-18 than seven percent over what a student would have paid in FY 2016-17 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2017-18 based on updated enrollment estimates and tuition rate information.
- 24 Department of Higher Education, Governing Boards, Trustees of Colorado Mesa University -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2017-18 than seven percent over what a student would have paid in FY 2016-17 for the same credit hours and course of study.

This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2017-18 based on updated enrollment estimates and tuition rate information.

- 25 Department of Higher Education, Governing Boards, Trustees of Metropolitan State University of Denver -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2017-18 than seven percent over what a student would have paid in FY 2016-17 for the same credit hours and course of study, except that the increase for students taking more than twelve credit hours per semester will not increase by more than six percent. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2017-18 based on updated enrollment estimates and tuition rate information.
- 26 Department of Higher Education, Governing Boards, Trustees of Western State Colorado University -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2017-18 than six percent over what a student would have paid in FY 2016-17 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2017-18 based on updated enrollment estimates and tuition rate information.
- 27 Department of Higher Education, Governing Boards, Board of Governors of the Colorado State University System -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2017-18 than six percent over what a student would have paid in FY 2016-17 for the same credit hours and course of study, except that tuition for undergraduate students with in state classification who are enrolled in the Human Development and Family Studies Program at Colorado State University is assumed to increase by up to 11.0 percent. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2017-18 based on updated enrollment estimates and tuition rate information.
- 28 Department of Higher Education, Governing Boards, Trustees of Fort Lewis College -- The amount in this line item is calculated based on the assumptions that no undergraduate student with in-state classification will pay more tuition in FY 2017-18 than six percent over what a student would have paid in FY 2016-17 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2017-18 based on updated enrollment estimates and tuition rate information.

- 29 Department of Higher Education, Governing Boards, Regents of the University of Colorado -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2017-18 than five percent over what a student would have paid in FY 2016-17 for the same credit hours and course of study, except that tuition for undergraduate students with in state classification at the University of Colorado Denver who are enrolled in the School of Engineering and Applied Sciences or the Business School is assumed to increase by up to 10.4 percent. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2017-18 based on updated enrollment estimates and tuition rate information.
- 30 Department of Higher Education, Governing Boards, Trustees of the Colorado School of Mines -- The cash funds appropriation from tuition in this line item is for informational purposes only. Pursuant to the provisions of 23-41-104.6 (5) (c), C.R.S., the Board of Trustees has authority to establish resident and non-resident tuition rates for the Colorado School of Mines. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2017-18 based on updated enrollment estimates and tuition rate information.
- 31 Department of Higher Education, Governing Boards, University of Northern Colorado -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2017-18 than seven percent over what a student would have paid in FY 2016-17 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for graduate and nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2017-18 based on updated enrollment estimates and tuition rate information.
- 32 Department of Higher Education, Governing Boards, State Board for Community Colleges and Occupational Education State System Community Colleges -- The amount in this line item is calculated based on the assumption that no undergraduate student with in-state classification will pay more tuition in FY 2017-18 than seven and seven tenths percent over what a student would have paid in FY 2016-17 for the same credit hours and course of study. This amount is also calculated based on the assumption that the governing board will increase tuition rates for nonresident students based on its assessment of market conditions. The General Assembly intends to adjust the amount in this line item through supplemental action during fiscal year 2017-18 based on updated enrollment estimates and tuition rate information.
- 33 Department of Higher Education, History Colorado, Central Administration; History Colorado Museums; and Office of Archeology and Historic Preservation -- History Colorado may transfer up to 10.0 percent of the total amount appropriated in these sections between the sections and among the line items within the sections.
- 34 Department of Higher Education, History Colorado, Cumbres and Toltec Railroad Commission --The amount in this line item is calculated based on the following assumptions:

(1) This line item includes \$202,500 for annual Commission operating expenses and other routine ongoing costs including controlled maintenance; (2) the balance of this appropriation is for capital projects including locomotive boiler repair, passenger car upgrades, and track, bridge, and tunnel upgrades; and (3) amounts above the \$202,500 ongoing operating support are based on an analysis of the Railroad's capital outlay needs over a three year period and are not assumed to continue after FY 2018-19. Amounts in this line item that are not expended by June 30, 2018 may be rolled forward for expenditure in FY 2018-19.

COMMENTS ON TUITION FOOTNOTES: All governing boards appear to be in compliance with these footnotes with respect to undergraduate tuition rate increases. Additional information on FY 2017-18 tuition and fees is included in a separate briefing issue.

UPDATE ON REQUESTS FOR INFORMATION

- 1 Department of Higher Education, Colorado Commission on Higher Education -- The Joint Budget Committee requests that during the annual review process of the new funding allocation model, the Department consider the following policy issues and include with its annual budget request, due November 1, 2017, a report on how these issues were examined, incorporated into the current model, or otherwise decided upon:
 - Providing funding in the model for students who are first in their families to attend college (“first generation” students). This could include weighting performance completions and/or adding funding per enrollee if and when feasible.
 - Considering whether additional adjustments are appropriate to align the funding model with state master plan goals.
 - Providing a component for successful student remediation in the model.
 - Further emphasizing support for Pell-eligible students in the model.

COMMENT: The Department’s response is discussed in an issue brief on the Department’s R1 request. The Department has enhanced the weight on Pell students in the model and has indicated an intent to add first generation students as soon as the data quality is adequate. It explored additional options for aligning the model with the state Master Plan and explored a component for successful remediation. However, it determined that these other items presented too many administrative challenges or might not incentivize behavior as desired.

- 2 Department of Higher Education, History Colorado, History Colorado Museums, Community Museums – History Colorado is requested to submit a report by October 1, 2017 explaining how it will ensure that new resources for the community museums, including new staff, will be used to support broader state regional tourism and historic preservation goals. This may include, but need not be limited to describing:
 - How state-funded community museums will become regional coordinating entities that: (1) support visits to other regional historical museums and sites, including those not owned by the state; and (2) provide information on other History Colorado programs and resources, such as state historic preservation programs and tax credits.
 - How state-funded community museums will integrate their efforts with tourism initiatives sponsored by the Colorado Tourism Office and other state agencies. This should include playing a key role in efforts to integrate state-owned community history museums, other local history museums, historic sites, and historic byways into state tourism promotion.

COMMENT: The Department submitted the response as requested. The report indicated that as of September 29, 2017, History Colorado had hired 5.0 FTE across the state based on the new funding provided. It had also begun work on an RFP for a point of sale system funded by the

decision item and was moving forward on efforts to revitalize the community museums. *History Colorado's response indicates a significant commitment to supporting broader state regional tourism and historic preservation goals.*

Regional coordinating role

Promoting other local museums: The community museum staff have been working with other local museums to coordinate tours and special events. This includes motor coach promotions that include multiple local museums and sites within each community. State community museum staff are promoting their communities and a statewide community museum itinerary to national and international tour operators. The report provided various examples of collaborative efforts involving Fort Vasquez, the Trinidad History museum, El Pueblo History Museum, and the Byers-Evans House Museum. These efforts include tours visiting multiple museums in the community and joint promotional efforts with other local museums.

Providing information on other History Colorado programs and resources: History Colorado is working to transform the Healy House and Dexter Cabin in Leadville into a leading historic preservation and museum education center, in addition to a seasonal house museum. Community Museum staff are receiving training on the different incentives and grants History Colorado offers, and the Community Museums have been working with preservation program staff to host meetings about tax credits and Historical Grant funds.

Integrating efforts with the Tourism Office and Other State Agencies

Colorado Tourism Office: History Colorado staff are engaged in multiple collaborative efforts with the Colorado Tourism Office. History Colorado staff serve on Colorado Tourism Office committees including those designed to support rural tourism and ensure the effective use of Colorado Visitor Centers. The museums have been working with the tourism office on motor coach promotions (marketing matching grant) and promotion of scenic historic byways (State Historical Fund grant). The two entities are presenting joint programs at various workshops and meetings.

Other Departments: History Colorado has also been working with the Department of Local Affairs Colorado Main Street Program; Colorado Creative Industries - Creative Districts; and the Department of Agriculture. The report highlights various efforts to highlight historic districts and promote agrotourism in collaboration with these agencies.

- 3 Department of Higher Education, Colorado Commission on Higher Education, Special Purpose, Western Interstate Commission on Higher Education and WICHE Optometry – The Department is requested to submit a report, by October 1, 2017, on the WICHE professional exchange programs. Does it still make sense for the State to participate in the Optometry program, given the state supply of optometrists? Are there other WICHE exchange programs that should be added or eliminated based on potential benefits and costs to the State?

COMMENT: The Department submitted the response as requested. The response indicates that “At this point, based on the labor data on optometry, the Department recommends maintaining the current appropriation for PSEP optometry. The Department does not recommend expanding the State’s participation beyond optometry. Because state support already exists (via fee-for-service contracts or the WICHE Optometry appropriation) for all PSEP program areas except podiatry and osteopathic medicine, these two professions were the only additions

considered. The Department reports “the data on the state supply of podiatrists does not indicate a need for more podiatrists. While the data on osteopathic medicine is less straight forward, the Department projects that based on the current trend of positive net migration, the high salary commanded by physicians and [a low concentration of physicians in Colorado] that the state supply of physicians and surgeons will continue to grow without legislative appropriation.” The Department also notes that there are very few public schools of osteopathic medicine in the nation, and a private institution (Rocky Vista) exists within Colorado.”

- 4 Department of Higher Education, Colorado Commission on Higher Education -- The Department is requested to work with the 4-year institutions and the state librarian to gather information on the current status of open access publishing and data at each institution and the obstacles and opportunities for expanding open access publishing and open data. The Department, in collaboration with the institutions, is requested to submit a report by November 1, 2017, that explores:

- How important is Open Access Publishing | Open Data to faculty at the institutions right now? For example, approximately what percentage of faculty scholarly research and data (including pre-print editions) is available in, distributed through, or archived by libraries or other locations, so that other researchers and the public can legally access the data free of charge, and how does this vary by discipline?
- What provisions currently exist at each institution to support production, archiving, and dissemination of open access publications and open data? How satisfied are faculty with these provisions and the current state of and support for Open Access Publishing | Open Data?
- What steps might lead to greater participation? If there were an expansion of support for or access to Open Access Publishing | Open Data at the institution/system/state level, how likely would faculty be to participate? What types of support might have an impact? Are there existing models of this approach to open educational resources in other states that can be reviewed as models for future development in Colorado?
- How can alliances among Colorado institutions and inter-state alliances be leveraged to promote open access publication/data and dissemination and use of such publications/data?
- Insofar as the state contributes to some research activities, such as cancer research at the CU Health Sciences Center and agriculture and marijuana-related research at CSU, what provisions exist, if any, for making such research freely available or freely available after a period of time?

COMMENT: The Department submitted the response as requested. The report included responses from two major stakeholder groups: members of the statewide Colorado Alliance of Research Libraries, comprised of library deans and directors from all 4-year institutions involved; and six provosts from the Colorado research universities. The responses provide suggestions for moving Open Access forward, if the General Assembly is interested in providing related funding (requires additional statutory authority). *Most of the language below is excerpted directly from the responses, with a few edits for clarity. Staff has highlighted particularly interesting comments.*

Report from Librarians

Summary

Open Access (OA) provides immediate access to journals and other scholarly publications by making these items freely available in the public domain. Having scholarly publications in the public domain removes barriers and greatly assists researchers, faculty, students and the general public in gaining access to information without violating copyright. We must preserve faculty rights to choose the venue for their publications, as faculty are most interested in having their work published in high quality scholarly publications. However, there are many high quality OA scholarly venues for publication, and increasing awareness of OA as a viable publication option is worthwhile.

Below are some specific recommendations that could accelerate Open Access publication adoption for both journals and data sets:

- We think of this ecosystem as having three separate and distinct components: Open Education Resources (OER) mostly benefitting undergraduate students, Open Access (OA) journal articles and other scholarly publications, mostly benefitting researchers and the general public, and Open Data (OD), making transparent research data for reuse, thereby accelerating the speed of research. Each are distinctly different in their service, staffing, oversight, and infrastructure requirements at our institutions. We recommend addressing these three areas separately and independently going forward.
- ***We recommend some funding to promote and support OA at our institutions, including funding for education and awareness, such as for: marketing, communications, open fora, and individual conversations with faculty, research associates, and graduate students. Additionally, funding for workshops for faculty to assist them with selecting and evaluating all journals for publication also would be helpful, especially for junior faculty.***
- *The State may also consider funding to support infrastructure for storing and making available Open Data — for this purpose a shared environment should be considered—large research institutions may have this covered, but smaller institutions may not yet have robust infrastructures for this purpose.*
- Attention to accessibility by individuals with disabilities, under the ADA Act of 1990 and its current and evolving interpretation, should be integrated into this activity.

Librarian responses to specific questions

- Currently, only a minority of faculty actively pursues OA Publishing and Open Data. For example, fourteen percent of journal articles published by CSU-Fort Collins faculty were in OA journals in fiscal year 17. This relatively low number is likely due to a lack of understanding and awareness of OA options.
- Almost all libraries in Colorado have access to an institutional digital repository for published articles and associated data sets.
- To increase participation, the best option might be to engage with faculty as a “social engineering” activity. In addition to education and workshops, the following should be considered: approaching faculty councils about passing resolutions endorsing but not requiring OA publication; and working on faculty agreements with publishers to help retain rights and facilitate OA dissemination.
- **The State could (and in our opinion, should) require publications and data sets published from state funding to be made available under a Creative Commons CC0 “No Rights Reserved” designation.**

Report from Research University Provosts

Summary

Open access is an important business model in the rapidly evolving world for academic publishing. There are many for-profit, not-for-profit and governmental organizations spending significant time and resources addressing access to research results and data. *The State should not direct faculty where to publish or allocate State resources to replicate open access publishing and open access data repositories. However, resources, even if just convenings, to increase awareness of open access options would be useful.*

Relevant background on OA

- OA publishing has been around since the 1990s.
- There are two major arguments for OA. One is a philosophical argument that knowledge should be freely available to let human creativity flourish. The other is economic.
- The cost of providing access to journal articles, whether from for-profit or not-for-profit publishing, has been dramatically increasing and has reached the point where university libraries can no longer afford to provide their students and faculty with access to the major journals in their fields of interest. Every year libraries struggle with constrained budgets and increasing journal costs.
- The current for-profit business model for accessing research publications is not sustainable, both because of increase in prices and increase in the number of journals. Thus, there is an interest in alternate business models. Open access is one of those models.
- Faculty researchers, and committees evaluating them for promotion, focus on the reputation of the journals in which faculty publish more than the number of citations. OA journals can be excellent, but building a journal's reputation takes time.
- We are seeing tremendous growth in publishing, increasing challenges in affording reader-pay publisher titles, significant growth of open access publishing based on author demand, the requirements of national governments and regional governments organizations (e.g., the EU), and the impact of AI-based search. Publishing is facing tremendous pressures and is rapidly evolving. While the interest of the state is appreciated, given the significant global efforts underway, the impact of any investment by the state is likely to be minimal. What publishing and accessing data will look like in 10 years is hard to predict, but it is likely to be quite different from the situation today.

Provost responses to specific questions/Recommendations

- Investment by the State in becoming a journal publisher is unlikely to have a measurable impact.
- It is not yet time to consider a state-supported open data repository, in part because there are not yet consistent standards for data formats and metadata keys.
- While the State should not try to play a role in publishing, support for OA educational efforts may be useful.
- **The State can certainly place a publishing requirement that research it funds should be freely available.** However, many projects have multiple funders, and there would need to be appropriate negotiations depending on the amount the State is funding. Results of research may already be freely available. **If the State wishes to require only open access publishing for projects it funds, we would encourage the provision allow for open access publishing at the outlet of the researcher's choice.**

- 5 Department of Higher Education of Higher Education, Colorado Commission on Higher Education - The Department is requested to continue to work with the governing boards and institutions of higher education to further examine, and to the extent practicable improve, the transferability of credits among state institutions and the applicability of these credits to degrees. The goal of this effort is to speed time-to-degree and reduce the costs for obtaining a degree. The Department is requested to provide a written update to the Joint Budget Committee, by November 1, 2017, on its progress on transfer-related issues covered in the December 2016 JBC staff budget briefing and Department January 2017 hearing responses including:

- Establish a page on the DHE website that points to the electronic databases and tools that most 4-year institutions are already using to show how credits from other institutions transfer to degree requirements;
- Ensure that institutions post notice of how to file a complaint with the Department at a prominent location on their transfer-related website;
- Allow career and technical education (CTE) courses to be evaluated against the gtPathways content and competencies to determine if they meet the statewide agreed upon academic requirements. Identify any impediments, such as accreditation, admission requirements, faculty qualifications, etc., that may prevent CTE courses meeting gtPathways requirements from being transferred.
- Explore changes to the transferrable associates degrees authorized pursuant to Section 23-1-108 (7), C.R.S., to provide for simpler associates degree “meta-majors” that would incorporate the prerequisites for a broader range of 4 year degrees.
- For students whose records were sampled and for whom credits did not transfer, identify, categorize and explain why the credits were not accepted;
- To the extent that it is practicable and would be in the financial interest of the student, offer ideas or policies that could improve the transferability of student credit hours that are not accepted; and
- Determine if there are additional steps that could expand the number of lower division courses automatically transferable across institutions, including concurrent enrollment courses and courses that are not gtPathways.

The report should also identify other initiatives the Department is pursuing that it believes can significantly improve efficiency-to-degree and any Department recommendations for legislation to support such initiatives.

COMMENT: The Department submitted a thoughtful and thorough response to the request. As reviewed in staff budget briefings last year, about one-third of students transfer, and national and Colorado data indicate that students lose substantial amounts of credit in that process. This RFI asked for further information and analysis on steps that could be taken to reduce credit loss.

Transfer databases: The Department has added a webpage with links to electronic databases and tools that show how credits transfer and meet degree requirements.

Complaint links: The Department provided links to student complaint portals on institutions' websites indicating that students may file complaints with the State.

Evaluating CTE courses against gtPathways (transferrable course) content: the Department indicated that it is not aware of anything preventing CTE courses from being evaluated for gtPathways content. However: (1) The three technical colleges have national accreditation, and many of the other institutions refuse to accept coursework from these colleges. This is not a restriction from the accreditor; it is an institution's choice. (2) Many faculty and administrators believe their regional accreditor, the Higher Learning commission, requires faculty have 100 percent control over curriculum, and most faculty oppose application of CTE credits to academic degrees. HLC, however, does not require institutions to give faculty 100 percent control.

[Staff note: Based on this response, the General Assembly could demand more transferability for CTE credits (1) from the area technical colleges into other public institutions; and (2) into more traditionally academic degree programs. The Department has not requested legislation at this time. Staff suggests the Committee wait to see if the Department is able to make additional progress on this issue internally. If there is not sufficient progress, the JBC or other members of the General Assembly could consider legislation.]

Meta-majors for Transferrable Associate Degrees: Meta-majors are groupings of academic majors that have related courses. The intent of meta-majors is to help students choose a degree pathway based on their interests, knowledge, skills and abilities. For instance, a student may know she is interested in pursuing science but is not yet ready to choose biology. Having a set of coursework that is common to most science degrees allow students to start taking the coursework and then having it apply to the major they ultimately choose.

The Department has prepared cross works to identify sets of common coursework in related Degrees with Designation (DwD/statewide transfer articulation agreements). This work demonstrates that:

- The biology, chemistry, geology, and physics DwDs have at least one course in common for each content area and could be grouped into a STEM meta-major. Math was excluded because it did not have a shared natural and physical sciences requirement.
- The anthropology, criminal justice, geography, and sociology DwDs have at least one course in common for each content area and could be grouped into a social and behavioral sciences meta-major. Economics and psychology have more restrictive requirements that may prevent them from being included.
- All of the arts and humanities DwDs have at least one course in common for each content area and could be grouped into an Arts and Humanities meta-major.

The Department will be bringing the idea of meta-majors to the General Education Council within the next three months to begin revising the 34 statewide transfer articulation agreements, creating meta-majors; and including degree maps and structured schedules to help students select the right courses and reduce time to completion.

[Staff Note: Staff is very pleased to learn of the Department's analysis on meta-majors and believes the planned changes in this area could have significant benefits for students.]

Reasons Why Some Transfer Students' Credits Do Not Apply to Degree Requirements:

In Fall 2016, the registrars worked with JBC and CDHE staff to conduct a study of which credits transfer and apply and which do not, pulling a sample of 100 transfer student transcripts at each of the institutions. *[Staff has included the results again for background.]*

4 YEAR INSTITUTION RESULTS	
Total number of credits lost (1,172 student records reviewed)	8,064
Number of students losing credits	494
Percentage of students losing credits	42.2%
Avg. credits lost/not transferred per affected student	16.3
Avg. credits successfully transferred per student (99% of all students transferred credit)	49.0

4 YEAR INSTITUTIONS - DISTRIBUTION OF CREDITS LOST AMONG AFFECTED STUDENTS	
Percentage of students losing credits who lost:	
0-6 credits	46%
7-14 credits	25%
15-30 credits	13%
31-50 credits	10%
More than 50 credits	7%

Average Credit loss by 4 Year Institution												
	UCB	CSU	CSU-P	MSU	UCCS	WSCU	UNC	Mines	UCD	ASU	CMC	CMU
Avg. credit loss	11.5	9.3	18.7	10.2	15.3	17.1	14.0	23.1	11.2	31.2	19.9	22.9
% transfer students losing credit	72.0%	44.0%	60.0%	27.0%	44.0%	16.8%	32.0%	84.5%	57.0%	30.0%	37.0%	14.0%

Source: Sample of 100 transcripts pulled by each institution.

2 YEAR INSTITUTION RESULTS	
Total number of credits lost (858 student records reviewed)	15,406
Number of students losing credits	603
Percentage of students losing credits	70.3%
Avg. credits lost/not transferred per affected student	25.5
Avg. credits successfully transferred per student (83% of all students transferred credit)	14.3

2 YEAR INSTITUTIONS - DISTRIBUTION OF CREDITS LOST AMONG AFFECTED STUDENTS	
Percentage of students losing credits who lost:	
0-6 credits	27%
7-14 credits	22%
15-30 credits	22%
31-50 credits	14%
More than 50 credits	15%

A deeper analysis of the data by the Department in response to the RFI found:

- For many 2-year institutions there was often no course equivalent or the credits were not applicable to the student's chosen degree;
- For many 4-year institutions the maximum transfer credits were reached (usually 60 or 90 credits); and
- CTE (vocational) credits were rejected as not applicable;
- Some credits that were awarded for prior learning assessment (notably from military training/occupations) by the sending institution were rejected by the receiving institution;
- Some credits that were earned internationally (international students, ESL, study abroad) were rejected by the receiving institution; and
- Some schools varied greatly from one another in the number of credits transferred in (perhaps based on transfer student population or because of institutional policies). For example, Colorado Mesa University transferred in credit from institutions that were not regionally accredited (which is allowable per HLC standards but not required) and University of Colorado Boulder requires a syllabus for transfer credits, which is sometimes difficult to obtain.

The JBC transfer survey demonstrated that gtPathways course transferred smoothly. CTE credits were the most common credits not accepted for transfer. While some institutions such as CSU global routinely accept and apply CTE credits to academic degrees (such applying business, accounting, and management CTE courses to a B.S. in business) most institutions do not.

Ideas or Policies to Improve Transferability: The report notes that Colorado has well-defined transfer pathways in both CTE programs and academic programs. It is working to refine these. CDE believes better advising may be the most important tool for reducing credit loss.

Increasing Transferability of Lower-division non-gtPathways courses: The report indicates:

- Some concurrent enrollment students are losing credit due to poor advising by, for example, taking more gtPathways credit in a single area than will qualify for transfer. This could be addressed through advising.
- Based on information from the HLC, it is appropriate for some CTE credits to transfer to academic degrees. Thus, obstacles to transfer in this arena are apparently institution-driven.
- There is no mechanism in place at the State to ensure transfer and applicability to degree requirements for non-gtPathways courses.

[Staff note: The report does not suggest how or whether these last two issues should be overcome. Some states have common course numbering across all their institutions and thus effectively require credits to be accepted across institutions. Any such change would be a substantial legislative and administrative lift.]

Other Initiatives: The report highlights a variety of initiatives designed to support degree completion, shorten time to completion, and help reduce student cost. These include: math pathways to help direct students to the most appropriate math course (as opposed to college algebra: supplemental academic instruction or co-requisite developmental education to limit or

eliminate student time in remedial classes; “15 to finish” campaign to convince students to take 15, rather than 12, credits per semester; degree maps and structured schedules, including for the new “meta-majors); and advisor training.

- 6 Department of Higher Education, Colorado Commission on Higher Education, Special Purpose, Tuition/Enrollment Contingency -- The Department is requested to provide information on the amount of Tuition Enrollment Contingency funds distributed to any governing board and whether the governing board complied with Colorado Commission on Higher Education tuition policy and intended limits on undergraduate rates expressed in Long Bill footnotes. This information, as it applies to actual expenditures in FY 2016-17, should be provided by November 1, 2018.

COMMENT: *[Note: The FY 2017-18 RFI above has a date error. The report is not due until November 2018. However, when submitted, it should apply to actual expenditures in FY 2017-18 and not FY 2016-17.]* The Department submitted its response to the same footnote on November 1, 2017 as it applies to FY 2016-17 expenditures. It then submitted an addendum to adjust for additional spending authority that was determined to be needed as part of the 2017 Budget Data Book reconciliation process.

The FY 2016-17 report explains the approach used. By May 15, governing boards apply for tuition contingency funding with information on the tuition contingency fund requested, the undergraduate resident tuition rate for the year, the reason for needing additional spending authority, and a variation analysis from the most recent tuition appropriation. Any Board that has complied with the tuition limit in the Long Bill and that does not request more than its proportionate share of tuition contingency funding is automatically approved. If a governing board needs spending authority over their proportionate share, CDHE staff determine if there is spending authority remaining. As a last resort, a June 1331 supplemental may be submitted to the Joint Budget Committee.

The total Contingency Fund in FY 2016-17 was \$60,000,000, about 2.8 percent of total tuition cash fund spending authority for the governing boards. The table below shows the amount of contingency spending authority used, including adjustments applied after November 1.

USE OF FY 2016-17 TUITION CONTINGENCY APPROPRIATION	
Adams State U	\$1,293,233
Colorado State U. System	4,234,572
U. of CO System	10,704,251
Colorado Mesa U.	760,241
Western State CO U.	39,182
Total	\$17,031,479

- 7 Colorado Department of Higher Education, Colorado Commission on Higher Education, Administration; and Governing Boards -- The Department is requested to coordinate the following annual data submissions to the Joint Budget Committee and Legislative Council Staff

to support tuition, fee, and stipend revenue estimates used for appropriations and informational amounts included in the Long Bill.

By November 1, 2017: Submit budget data books for each of the governing boards that provide detail on education and general revenue and expenditures for each institution for the most recent actual year (FY 2016-17) and the current estimate year (FY 2017-18).

- Include estimate-year FY 2017-18 full time equivalent (FTE) enrollment data for resident undergraduate and graduate students and non-resident undergraduate and graduate students, in addition to actual year FY 2016-17 student FTE data. The FY 2017-18 student FTE estimates should be those used to develop the FY 2017-18 revenue and expenditure estimates in the data books.
- Identify actual FY 2016-17 and budgeted FY 2017-18 student FTE eligible for the College Opportunity Fund (COF) stipend in the budget data book submission.
- The Department is requested to separately provide actual and estimated revenue from mandatory fees using the definitions established by the Department of Higher Education for mandatory fees.

By December 15, 2017: Submit fall 2018 student FTE census data. This should include resident undergraduate and graduate and non-resident undergraduate and graduate FTE figures for each governing board and institutional break-outs for those governing boards that oversee multiple institutions.

By February 15, 2018: Submit revised estimate year FY 2017-18 and request year FY 2018-19 revenue and enrollment data for each governing board, along with the comparable FY 2015-16 actual data for context. If available, also include data at the institutional level for the University of Colorado and Colorado State University Systems.

- For each year, include FTE enrollment for resident undergraduate and graduate students and non-resident undergraduate and graduate students.
- Include annotations explaining assumptions, including tuition and fee rate and enrollment assumptions for the FY 2018-19 request year.
- Consistent with the requirements of Section 23-18-202 (2) (a) (I), C.R.S., also include an update on the number of student FTE estimated to be eligible for COF stipends in FY 2017-18 based on the most recent data available (different from the figures used to establish initial stipend appropriations).
- Include actual and estimated revenue from mandatory fees using the definitions established by the Department of Higher Education for mandatory fees.

COMMENT: The Department is complying with the request and has submitted the budget data books and mandatory fee report as requested.

- 8 Department of Higher Education, Colorado Commission on Higher Education, Administration -- The Department should continue its efforts to provide data on the efficiency and effectiveness of state financial aid in expanding access to higher education for Colorado residents. The Department is requested to provide to the Joint Budget Committee by December 1 of each year an evaluation of financial aid programs, which should include, but not be limited to: (1) an estimate of the amount of federal, institutional, and private resources (including tax credits) devoted to financial aid; (2) the number of recipients from all sources; (3) information on typical awards; and (4) the typical debt loads of graduates. The Department is requested to provide more

in-depth data on the financial aid awarded at the state's public institutions, by institution. This should include further information on the use of institutional aid, including the extent to which such aid is awarded to residents versus non-residents, for financial need versus merit, and the extent to which merit-based aid is awarded to students who qualify on the basis of need, whether or not the aid was classified as merit-based.

COMMENT: The Department submitted the report.

- Nearly 42% of all students who received financial assistance in fiscal year (FY) 2016-17 (July 1, 2016-June 30, 2017) received a Pell grant.
- In FY 2016-17, federal grant aid accounted for 26% of all grant aid in Colorado. Pell grants alone accounted for approximately 13% of total aid, including loans.
 - In FY 2016-17, the maximum Pell grant was \$5,185.
 - The average Pell grant award was \$3,445, up \$6 from the prior year.
 - The number of Pell grants reported in the Department's State Unit Record Data Base (SURDS) has decreased since FY 2010-11. This decrease can be attributed to the decrease in enrollment due to more prosperous economic conditions.
- State funded financial aid comprised 13% of all grant aid and 7.5% of all aid, including federal loans.
- Total funding for state grant programs remained relatively constant during the Great Recession, but as economic conditions and state funding improved, there was a significant increases in FY 2014-15 and FY 2015-16. Appropriations for FY 2016-17 were flat compared to FY 2015-16. The number of recipients of state grants need-based grants decreased by 8% in 2016-17. This is a result of enrollment decreases. The average award has more than doubled since 2012.
- Institutional grant aid comprised approximately 52% of all grant aid, or about 29% of all financial aid, including loans.
 - Institutional aid increased by 45% between FY2011-12 and FY2016-17.
 - Institutional investment in student aid is the greatest at four year institutions, both public and non-profit private.
- The average cumulative loan debt at graduation from public four year institutions ranged from \$18,338 to \$34,125. The average student loan debt for baccalaureate graduates was \$26,259 in FY 2016-2017.
- Table 1: Sources of Grant Aid in Fiscal Year 2016-17

<i>Type of Aid</i>	
Institutional	\$662,784,641
Federal	\$338,988,603
State	\$169,628,604
Loans	\$967,812,657

• Other	• \$109,823,529
• Total	• \$2,249,038,034

- The chart below shows total grant aid received by resident undergraduates attending public institutions in 2016-17 who were enrolled at least half time with a FAFSA (indicating an application for need-based aid).

GRANT AID RECEIVED BY RESIDENT UNDERGRADUATES ATTENDING PUBLIC INSTITUTIONS IN FY 2016-17 WHO WERE ENROLLED AT LEAST HALF TIME WITH A FAFSA					
INSTITUTION NAME/TYPE	FEDERAL AWARDS	STATE AWARDS	INSTITUTIONAL AWARDS	OTHER SCHOLARSHIPS	TOTAL GRANT AID (INCLUDES WORK-STUDY)
Four Year Public	\$146,106,575	\$84,092,568	\$150,208,819	\$67,836,874	\$448,244,836
Adams State University	\$4,402,246	\$2,183,291	\$2,311,788	\$862,450	\$9,759,775
Colorado Mesa University	\$12,983,286	\$6,928,721	\$5,103,292	\$1,946,328	\$26,961,627
Colorado Mountain College	\$3,143,947	\$1,799,265	\$544,612	\$165,952	\$5,653,776
Colorado School of Mines	\$2,717,759	\$1,815,433	\$6,593,752	\$5,116,456	\$16,243,400
Colorado State University	\$20,531,108	\$11,984,625	\$38,585,563	\$17,133,419	\$88,234,715
Colorado State University - Pueblo	\$7,905,758	\$4,094,727	\$4,066,983	\$1,613,915	\$17,681,383
Fort Lewis College	\$2,222,137	\$2,576,453	\$2,509,784	\$777,813	\$8,086,187
Metropolitan State University of Denver	\$28,446,827	\$19,118,751	\$8,084,958	\$5,015,174	\$60,665,710
University of Colorado Boulder	\$18,485,128	\$10,419,557	\$42,694,236	\$15,687,386	\$87,286,307
University of Colorado Colorado Springs	\$13,939,529	\$6,136,575	\$7,559,969	\$5,932,372	\$33,568,445
University of Colorado Denver	\$17,437,663	\$8,909,006	\$9,961,128	\$6,186,397	\$42,494,194
University of Northern Colorado	\$11,751,892	\$6,833,470	\$20,000,920	\$6,613,037	\$45,199,319
Western State Colorado University	\$2,139,295	\$1,292,694	\$2,191,834	\$786,175	\$6,409,998
Two Year Public	\$88,242,997	\$45,306,508	\$6,101,797	\$8,896,988	\$148,548,290
Aims Community College	\$6,086,935	\$2,942,508	\$848,672	\$998,167	\$10,876,282
Arapahoe Community College	\$4,875,461	\$2,885,341	\$628,109	\$711,233	\$9,100,144
Colorado Northwestern Community College	\$912,821	\$421,497	\$427,876	\$277,458	\$2,039,652
Community College of Aurora	\$7,275,451	\$3,477,538	\$135,553	\$789,054	\$11,677,596
Community College of Denver	\$10,724,293	\$5,281,399	\$775,865	\$837,059	\$17,618,616
Front Range Community College	\$16,103,499	\$8,258,866	\$761,340	\$1,317,954	\$26,441,659
Lamar Community College	\$973,803	\$510,591	\$401,172	\$255,988	\$2,141,554
Morgan Community College	\$1,137,714	\$624,527	\$107,807	\$210,688	\$2,080,736
Northeastern Junior College	\$1,747,248	\$1,093,483	\$469,293	\$696,048	\$4,006,072
Otero Junior College	\$2,287,884	\$1,019,434	\$586,193	\$224,038	\$4,117,549
Pikes Peak Community College	\$17,758,845	\$9,016,020	\$222,015	\$966,597	\$27,963,477

GRANT AID RECEIVED BY RESIDENT UNDERGRADUATES ATTENDING PUBLIC INSTITUTIONS IN FY 2016-17 WHO WERE ENROLLED AT LEAST HALF TIME WITH A FAFSA					
INSTITUTION NAME/TYPE	FEDERAL AWARDS	STATE AWARDS	INSTITUTIONAL AWARDS	OTHER SCHOLARSHIPS	TOTAL GRANT AID (INCLUDES WORK-STUDY)
Pueblo Community College	\$9,446,467	\$4,670,180	\$106,687	\$381,950	\$14,605,284
Red Rocks Community College	\$6,707,187	\$3,700,938	\$131,893	\$963,347	\$11,503,365
Trinidad State Junior College	\$2,205,389	\$1,404,186	\$499,322	\$267,407	\$4,376,304
Public Technical	\$2,440,309	\$903,366	\$230,773	\$19,087	\$3,593,535
Delta Montrose Technical College	\$1,138,620	\$406,565	\$230,773	\$0	\$1,775,958
Emily Griffith Technical College	\$980,680	\$388,551	\$0	\$5,512	\$1,374,743
Pickens Technical College	\$321,009	\$108,250	\$0	\$13,575	\$442,834
Grand Total	\$236,789,881	\$130,302,442	\$156,541,389	\$76,752,949	\$600,386,661

- 9 Department of Higher Education, Colorado Commission on Higher Education, Administration -- The Department is requested to submit, as part of the annual request for common policy benefits adjustments, templates that reflect the benefit selection for each member of the Department's staff in a manner that will enable health benefits for these staff to be calculated consistent with common policy. The templates are expected to contain July 2017 data on health benefits actually selected by Department staff.

COMMENT: The Department has complied with the request.

APPENDIX D

DEPARTMENT ANNUAL PERFORMANCE REPORT

History Colorado

Pursuant to Section 2-7-205 (1)(a)(I), C.R.S., by November 1 of each year, the Office of State Planning and Budgeting is required to publish an **Annual Performance Report** for the *previous fiscal year* for History Colorado. This report is to include a summary of the Department's performance plan and most recent performance evaluation for the designated fiscal year. In addition, pursuant to Section 2-7-204 (3)(a)(I), C.R.S., History Colorado is required to develop a **Performance Plan** and submit the plan for the *current fiscal year* to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year.

For consideration by the Joint Budget Committee in prioritizing the Department's FY 2018-19 budget request, the FY 2017-18 Performance Plan may be found at the following link:

<https://www.colorado.gov/pacific/performancemanagement/departments-performance-plans>

History Colorado's annual performance report, dated July 2017, has not been posted, although it was submitted to the Joint Budget Committee.

Department of Higher Education:

Pursuant to Section 2-7-205 (1) (a) (II), C.R.S., the Office of State Planning and Budgeting shall prepare the section of the annual performance report for the Department of Higher Education by reviewing the institutions of higher education's progress towards the goals set forth in the master plan for Colorado postsecondary education.

Pursuant to Section 2-7-204 (3) (a) (II) (A), C.R.S., the Department of Higher Education shall satisfy the requirement to develop a performance plan through the master plan for postsecondary education maintained by the Colorado Commission on Higher Education (CCHE). Copies of the Plan shall be submitted to the Joint Budget Committee and appropriate Joint Committee of Reference, and the master plan and any performance contracts and reports must be posted to the Department and OSPB websites. Please follow the following link to a copy of the Department's 2017 Master Plan and related documents.

<https://www.colorado.gov/pacific/performancemanagement/higher-education-1>

Please also see the Department's new Master Plan Dashboard at the following link:

<http://masterplan.highered.colorado.gov/dashboard/#masterplan>

BACKGROUND CHARTS BY GOVERNING BOARD

Notes for all charts:

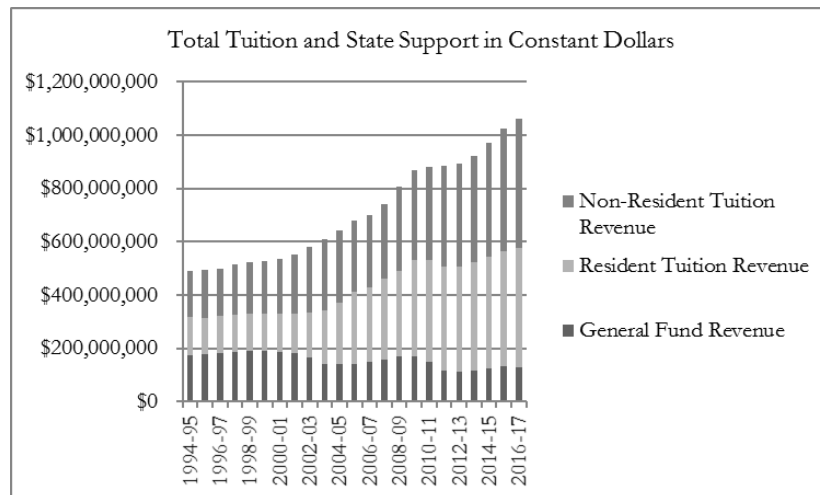
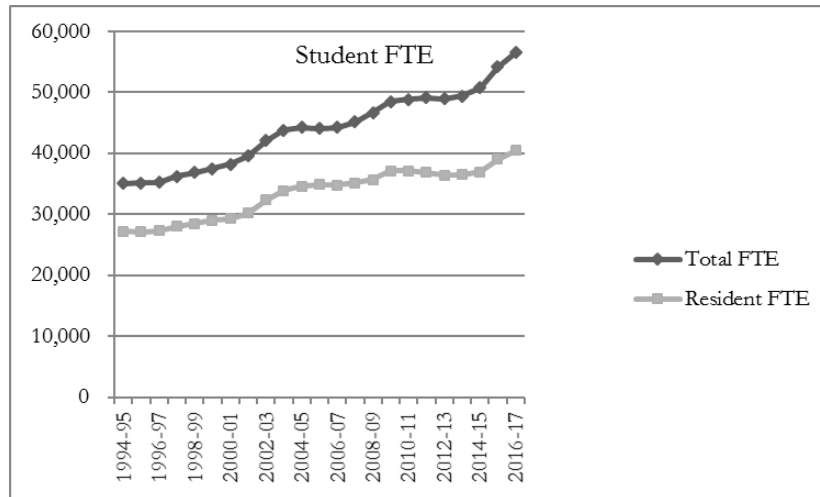
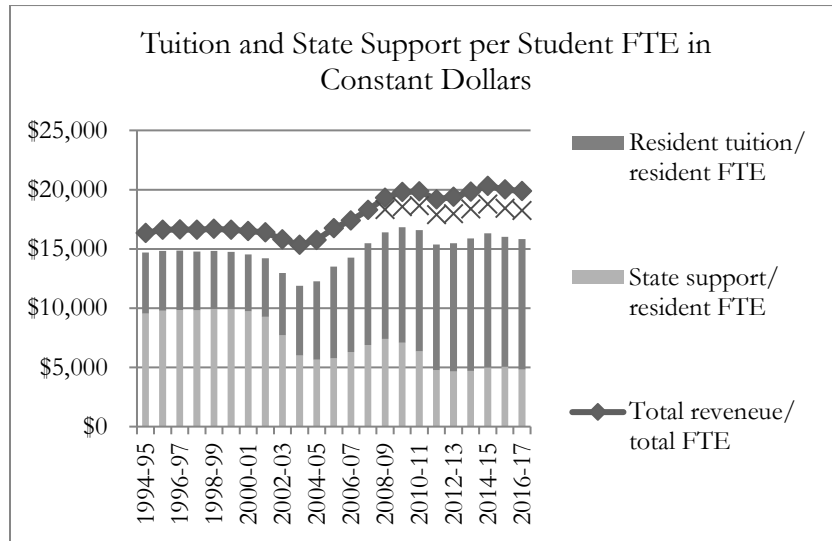
Charts on institutional tuition and General Fund revenue and student FTE are based on staff data records.

Charts on retention and completion are from the IPEDS Data Feedback Report to each institution in 2015. The “comparison institutions” represent comparisons selected by the institutions themselves, and the institutions may use different approaches in selecting these comparisons. Graduation rates are for six year graduation (for 4-year institutions) or three year graduation (for 2-year institutions). Graduation rates are for full-time first-time degree/certificate seeking undergraduate students. As shown, in some cases this represents a minority of students entering the institution, due to the high rate of transfer among institutions.

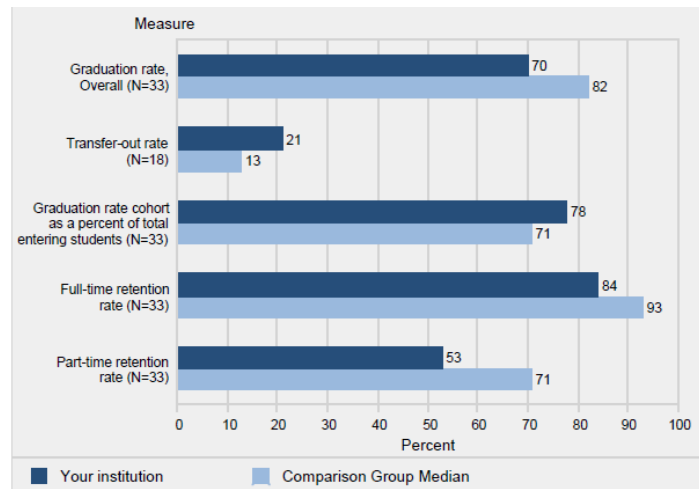
Full reports for 2016, which include more complete contextual information about the institutions, as well as data-base access to more recent data, is available at:

<https://nces.ed.gov/ipeds/Home/UseTheData>

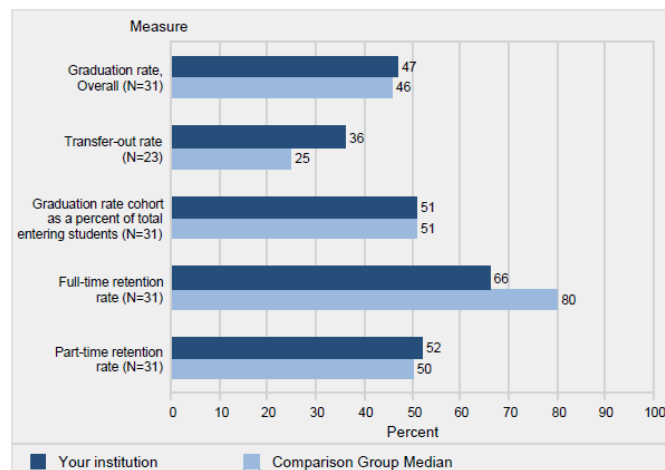
University of Colorado System



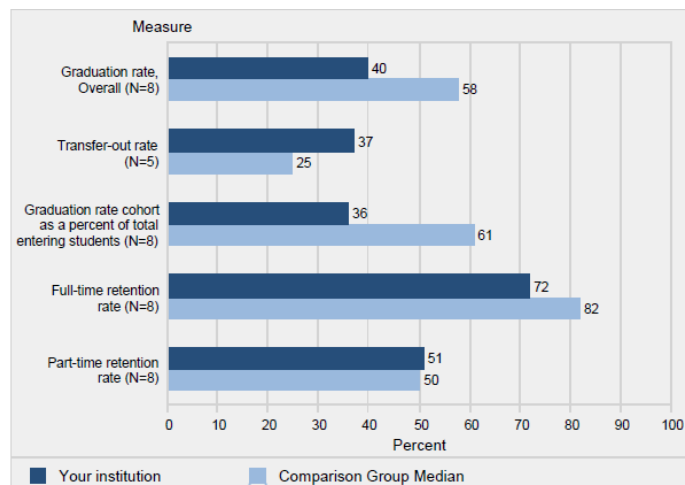
CU Boulder



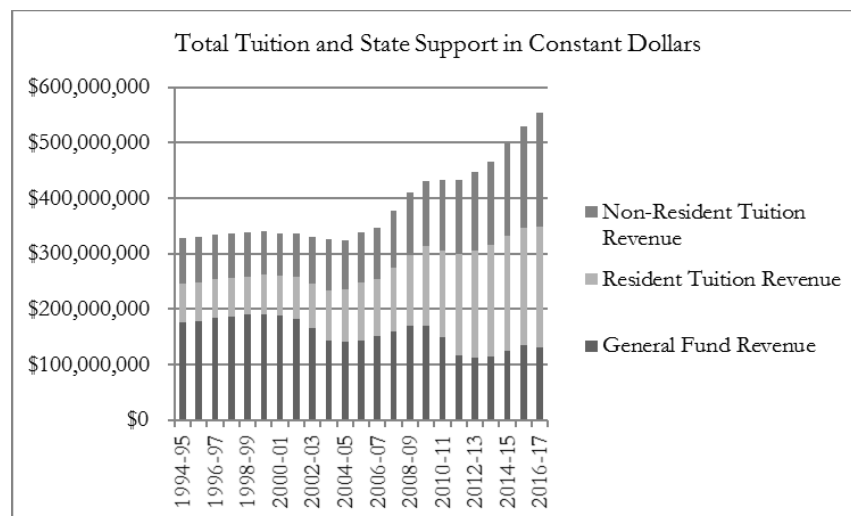
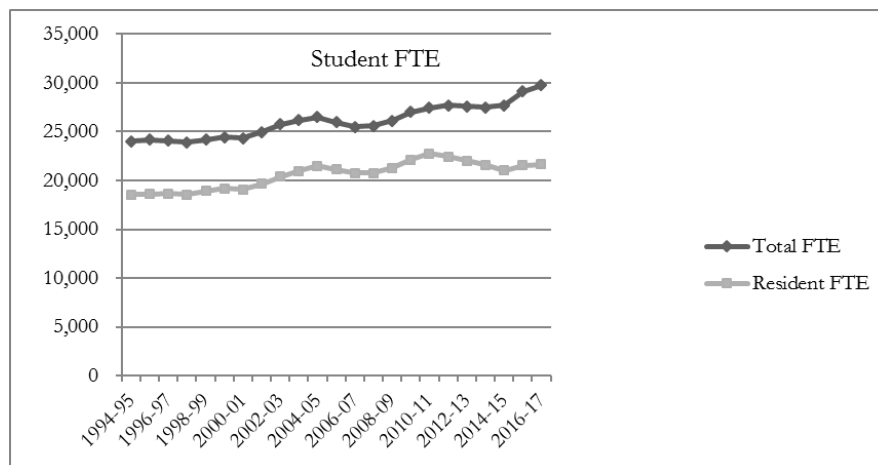
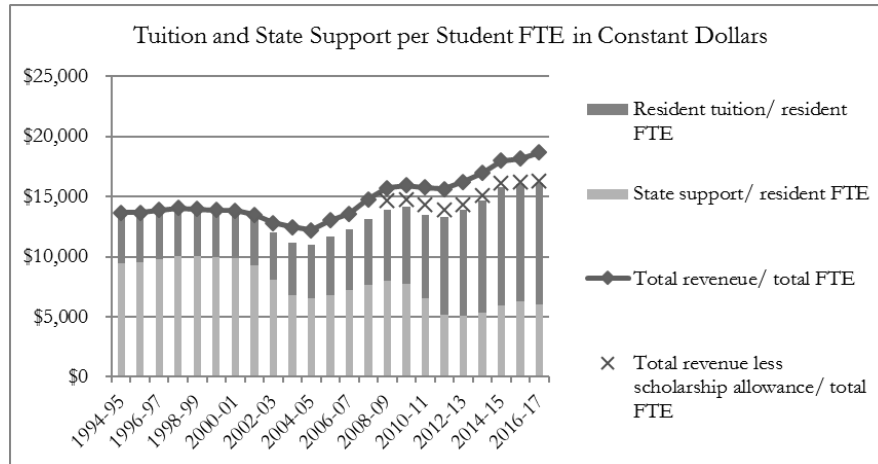
UCCS



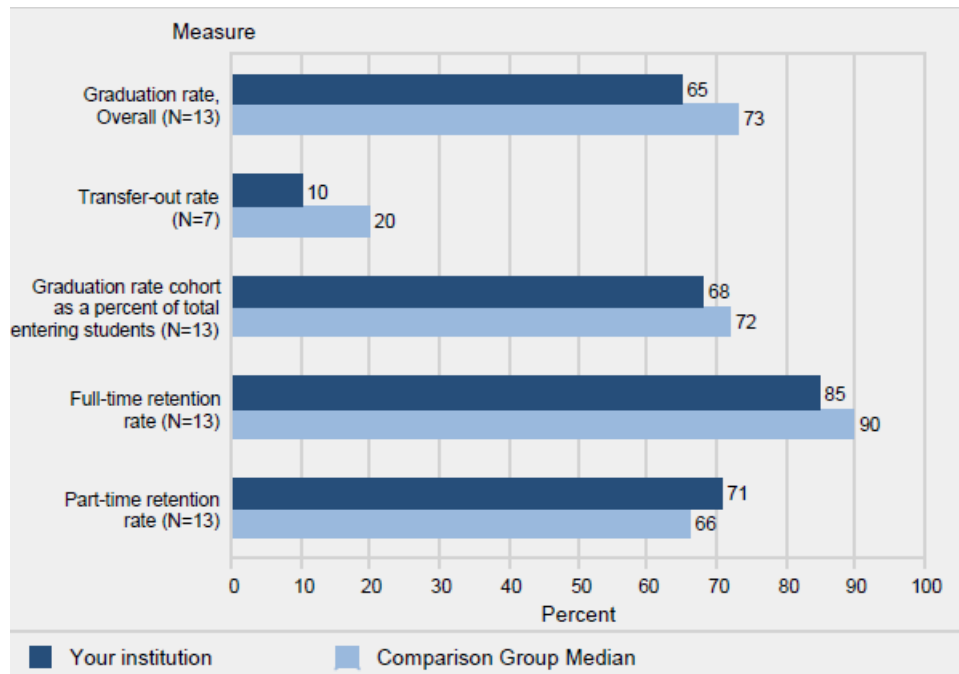
UCD



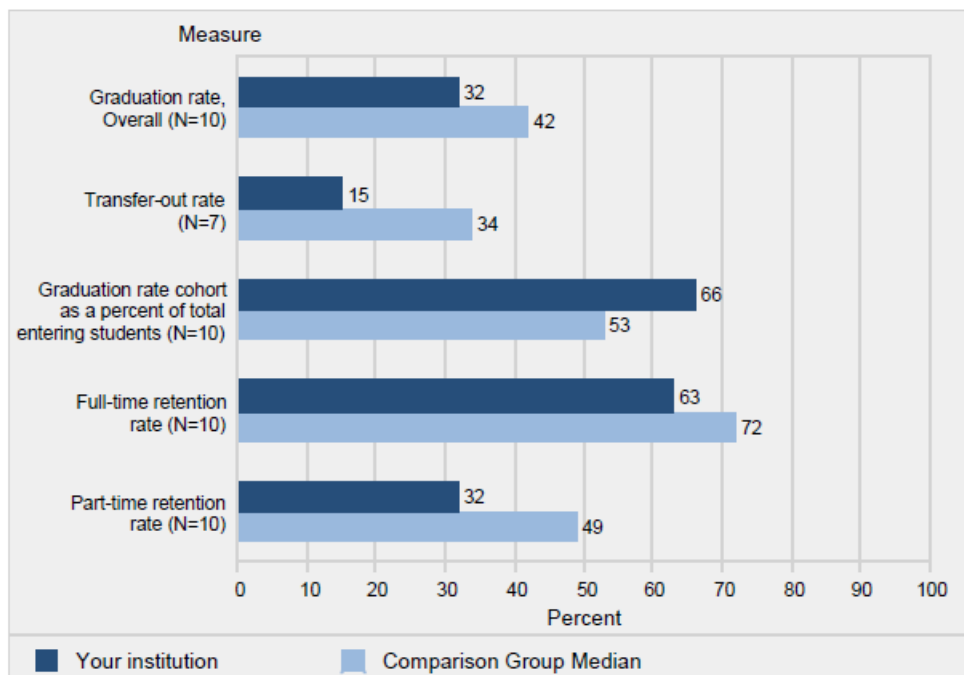
Colorado State University System



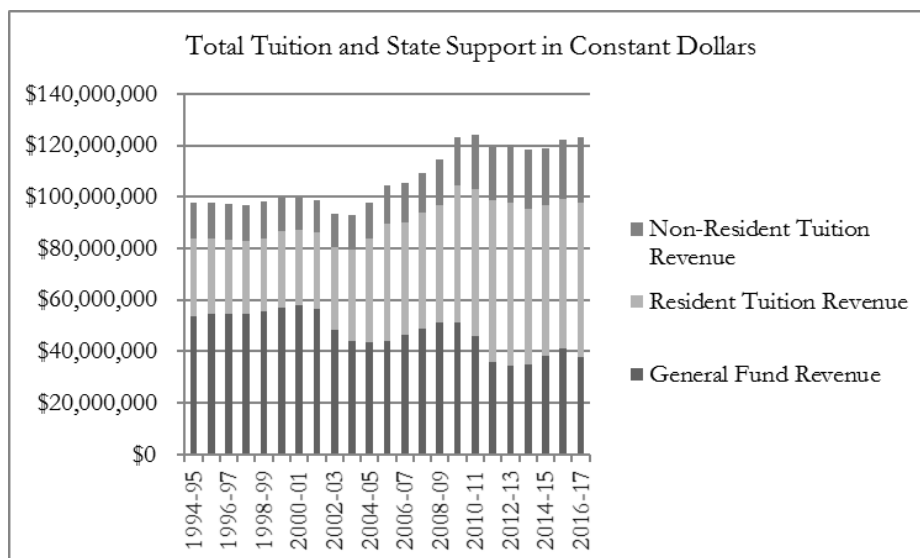
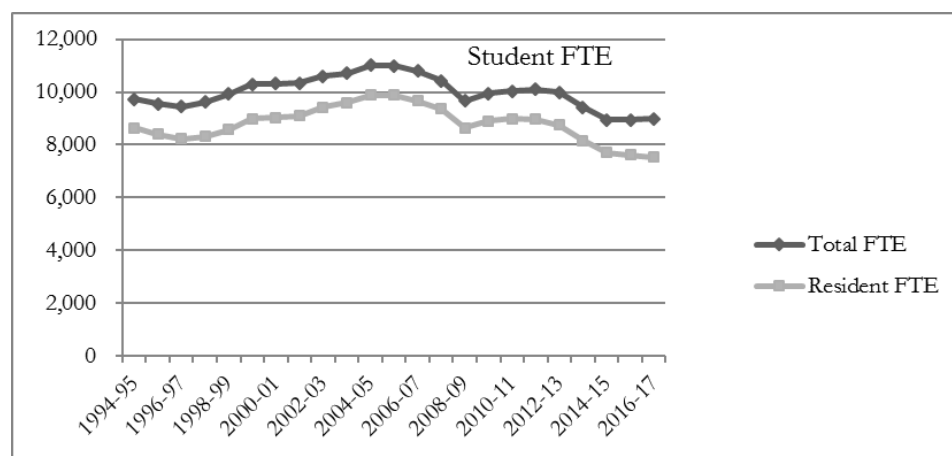
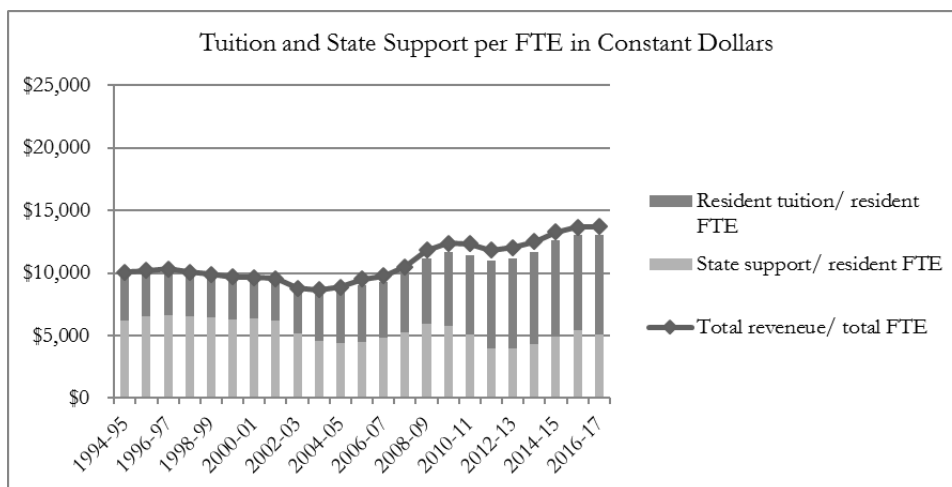
CSU (Fort Collins)



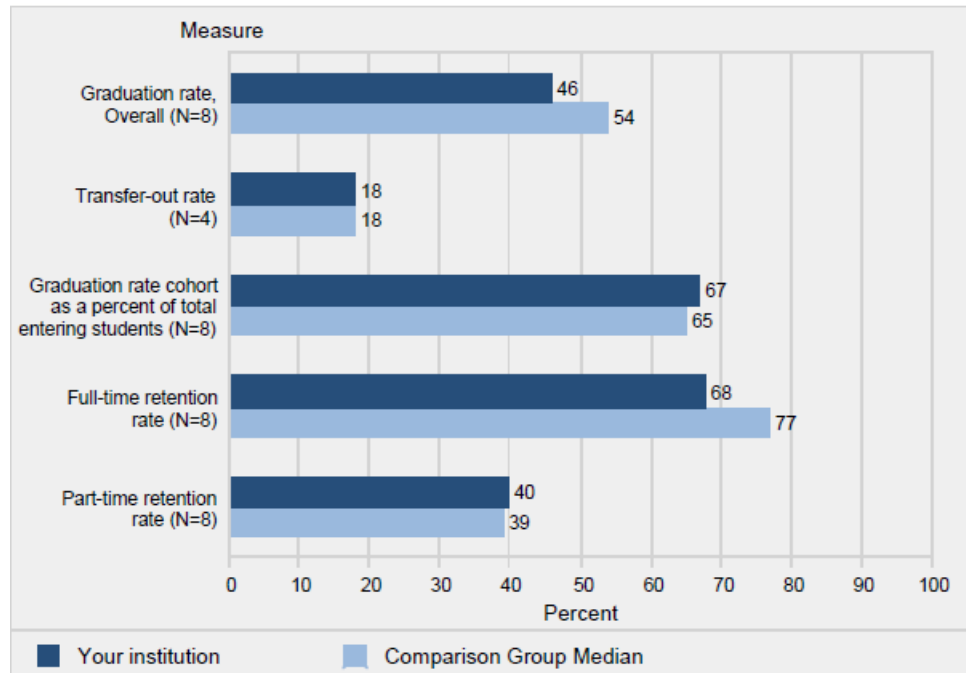
CSU Pueblo



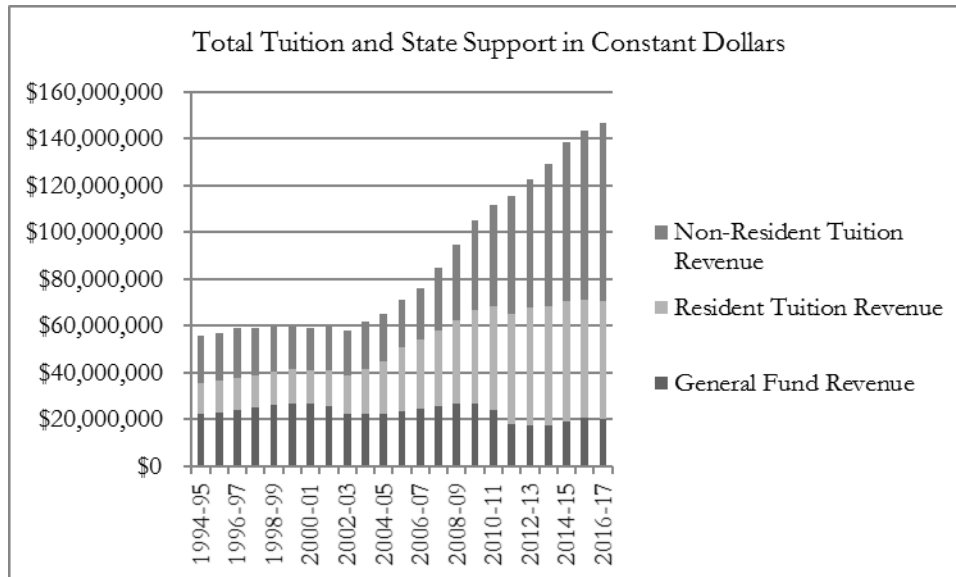
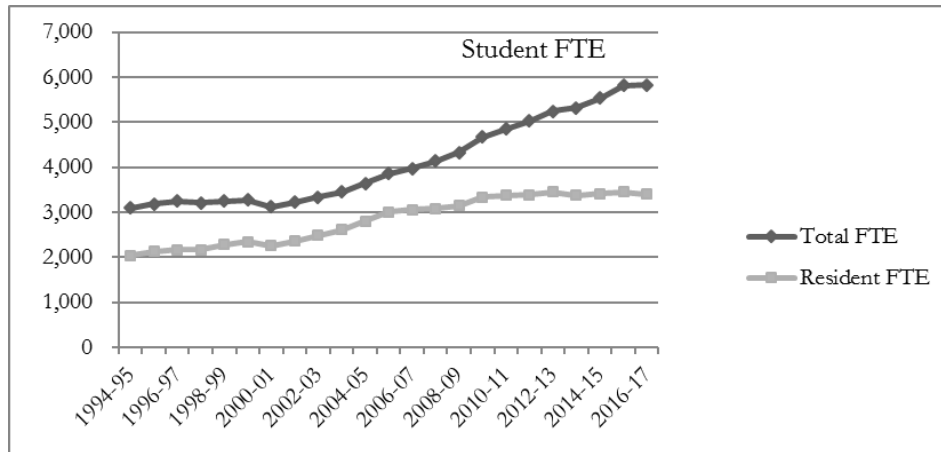
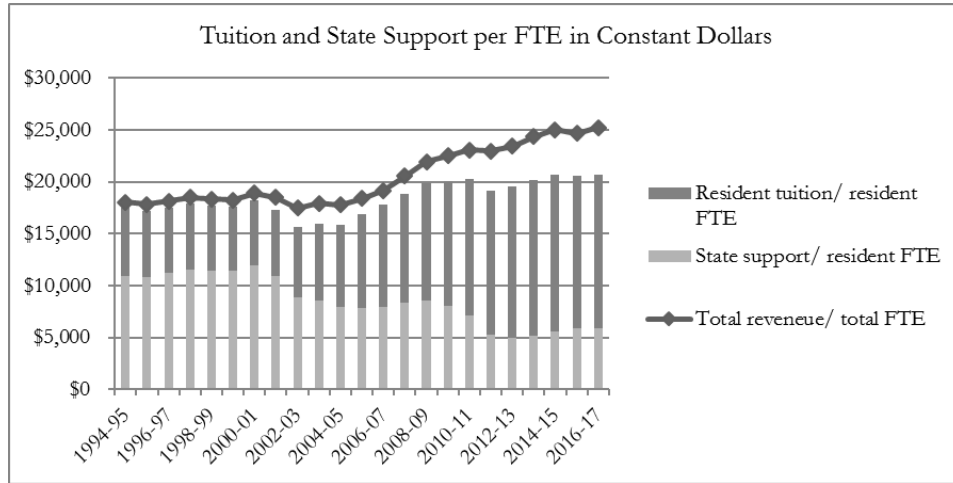
University of Northern Colorado



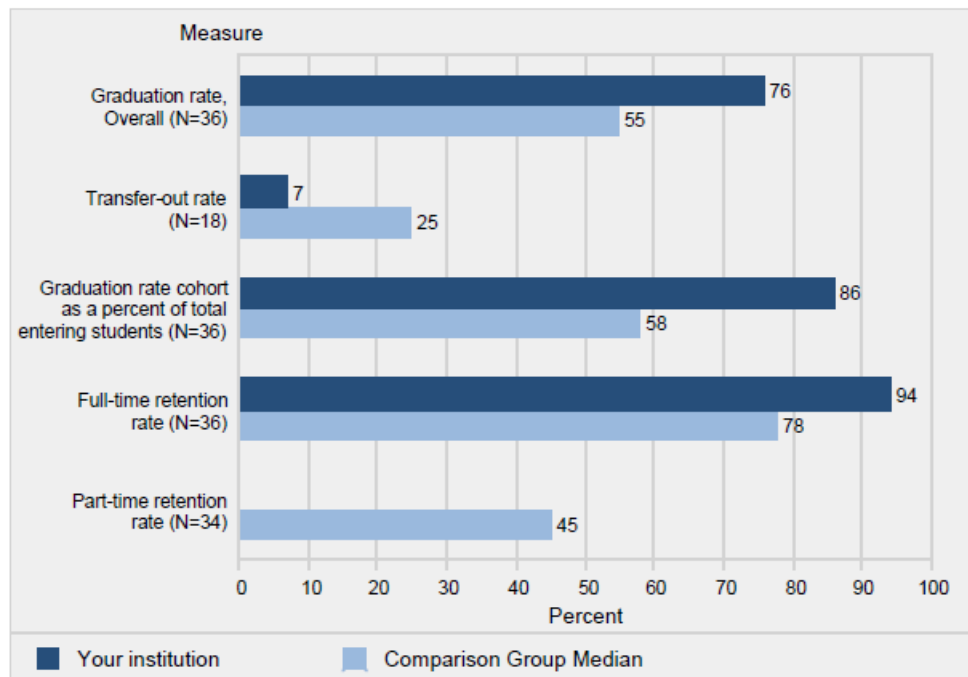
University of Northern Colorado



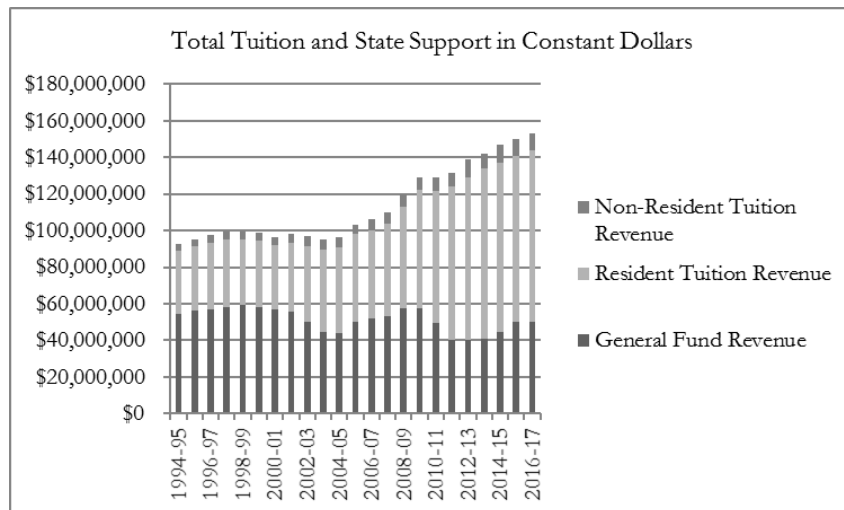
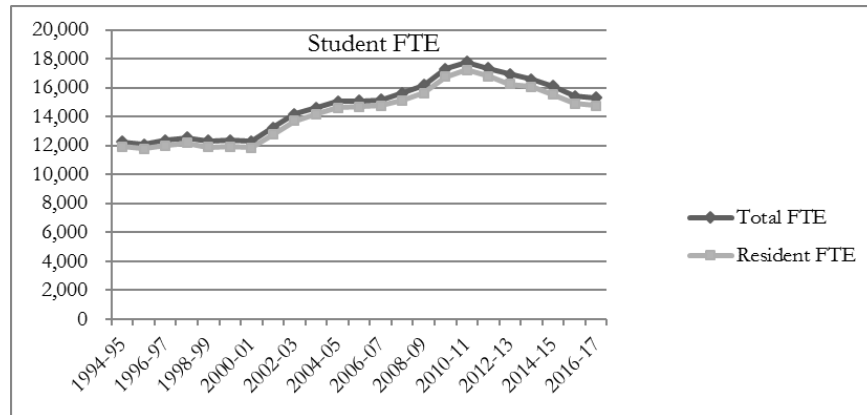
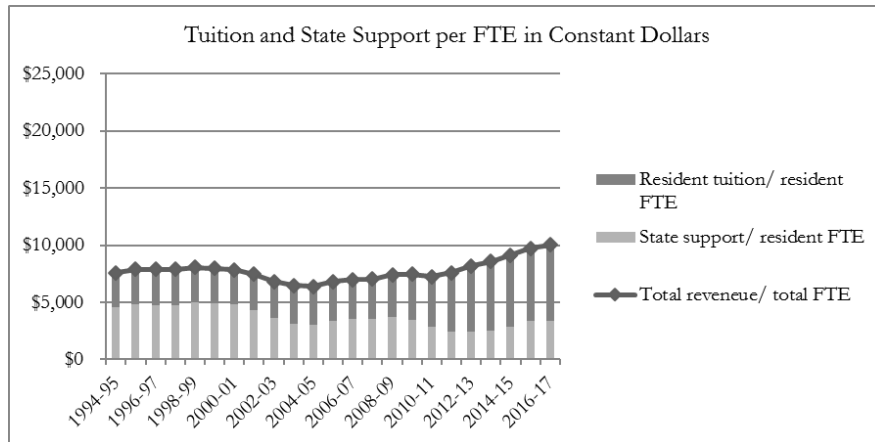
Colorado School of Mines



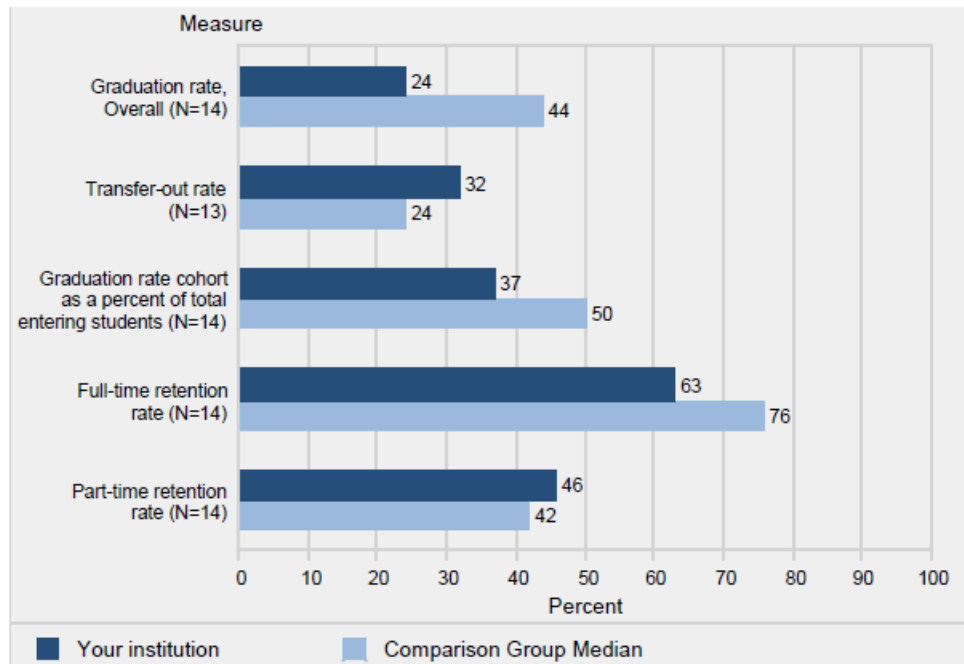
Colorado School of Mines



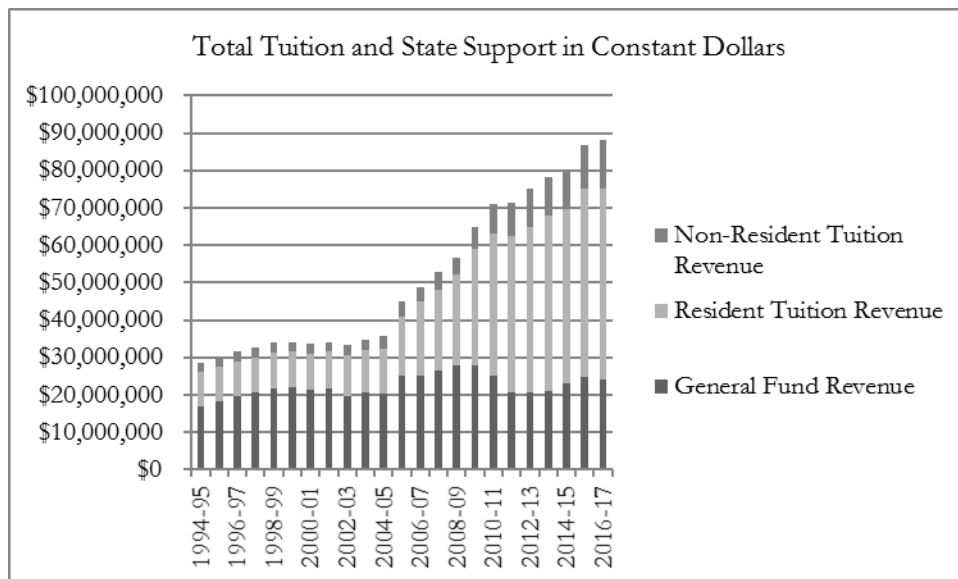
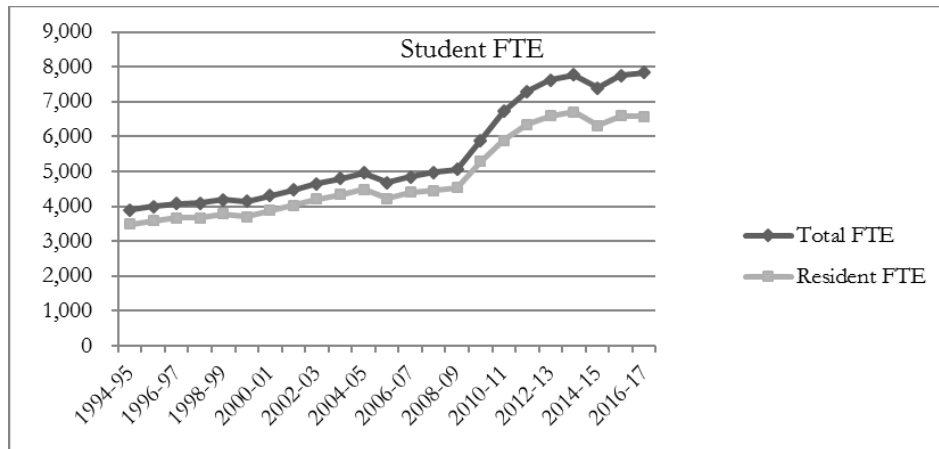
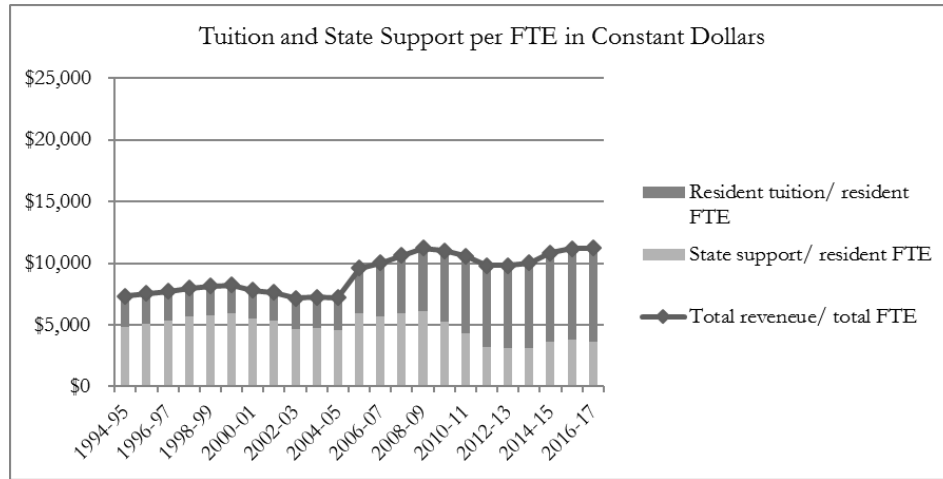
Metropolitan State University of Denver



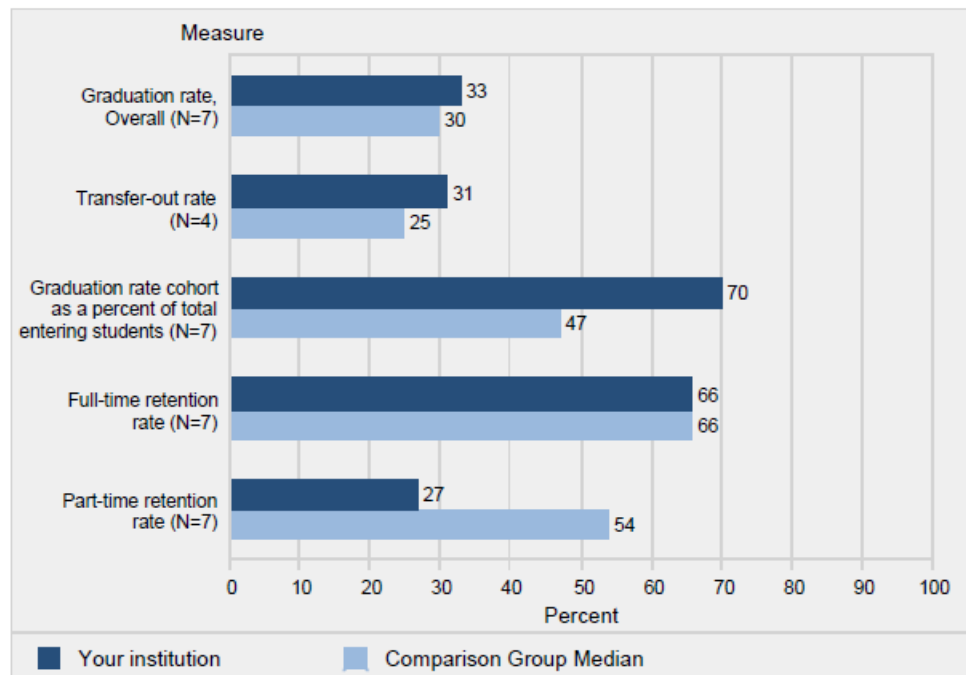
Metropolitan State University of Denver



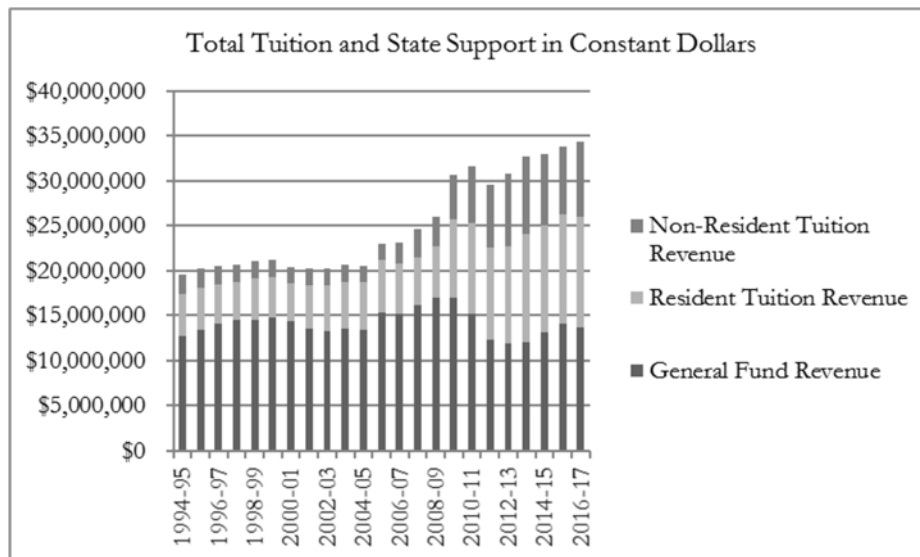
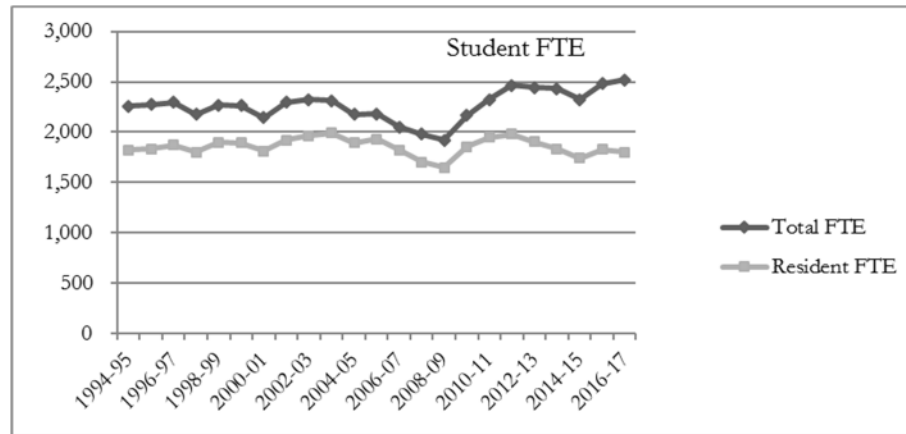
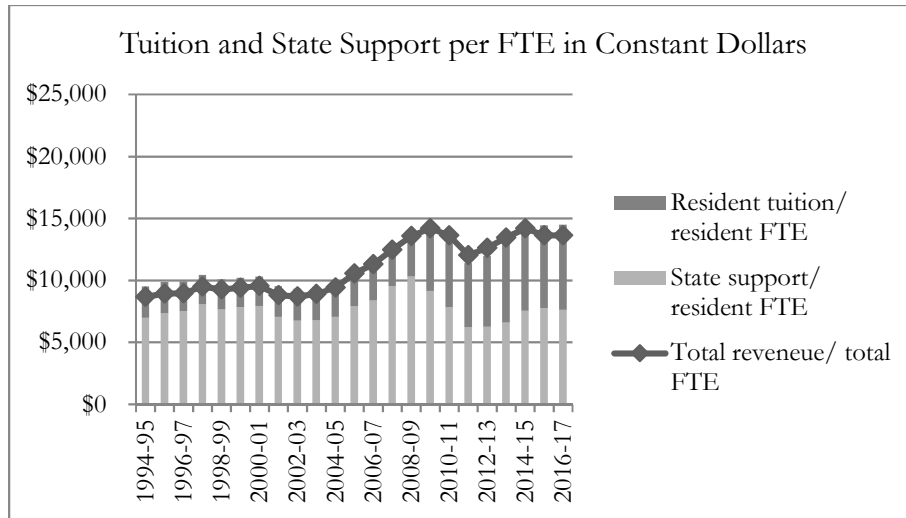
Colorado Mesa University



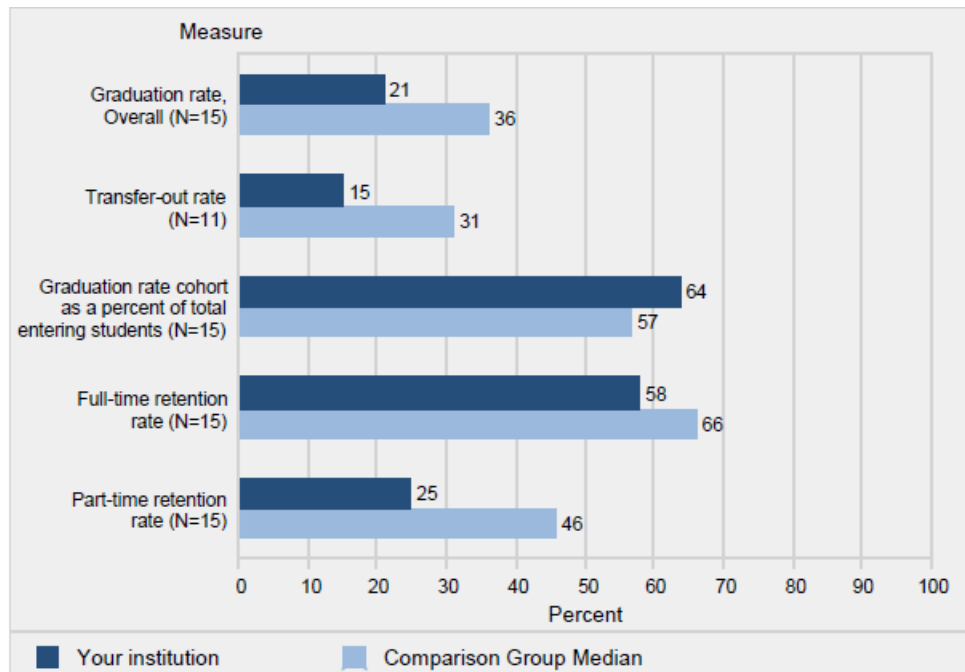
Colorado Mesa University



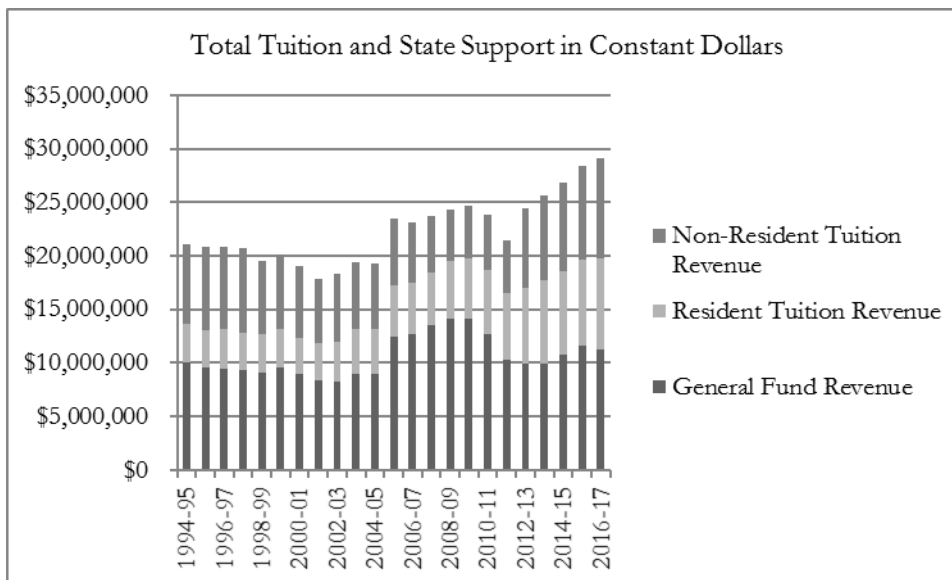
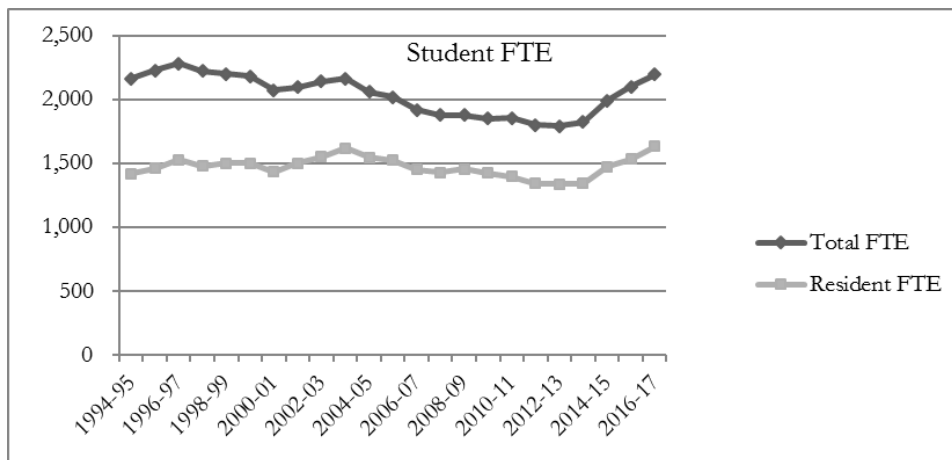
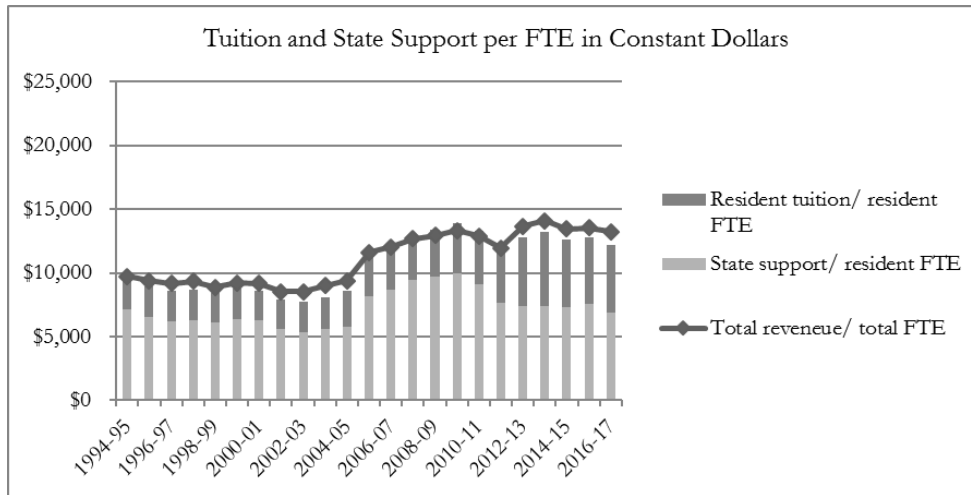
Adams State University



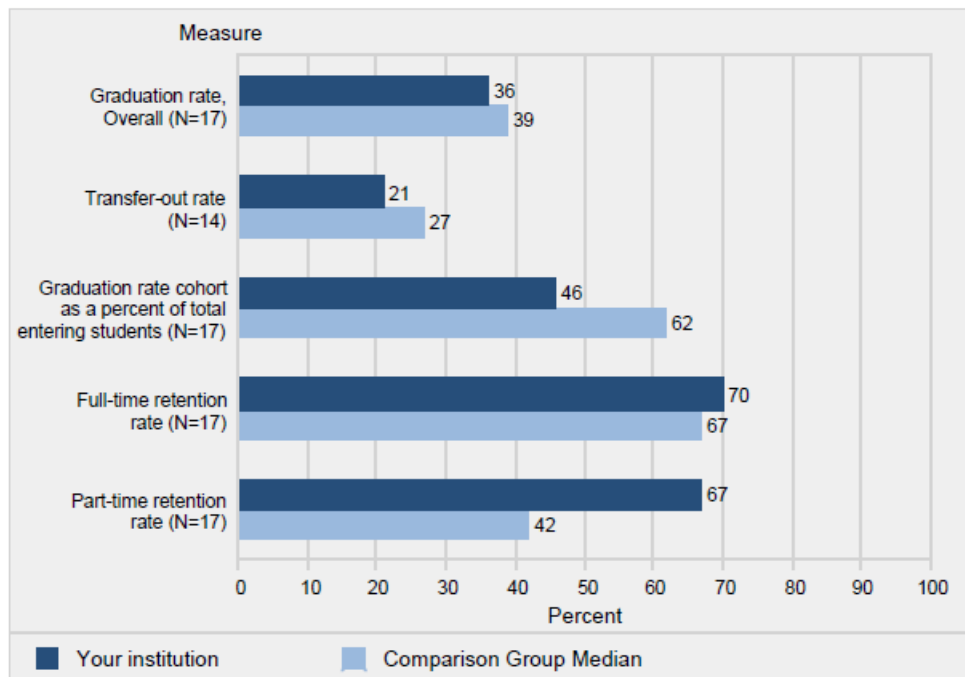
Adams State University



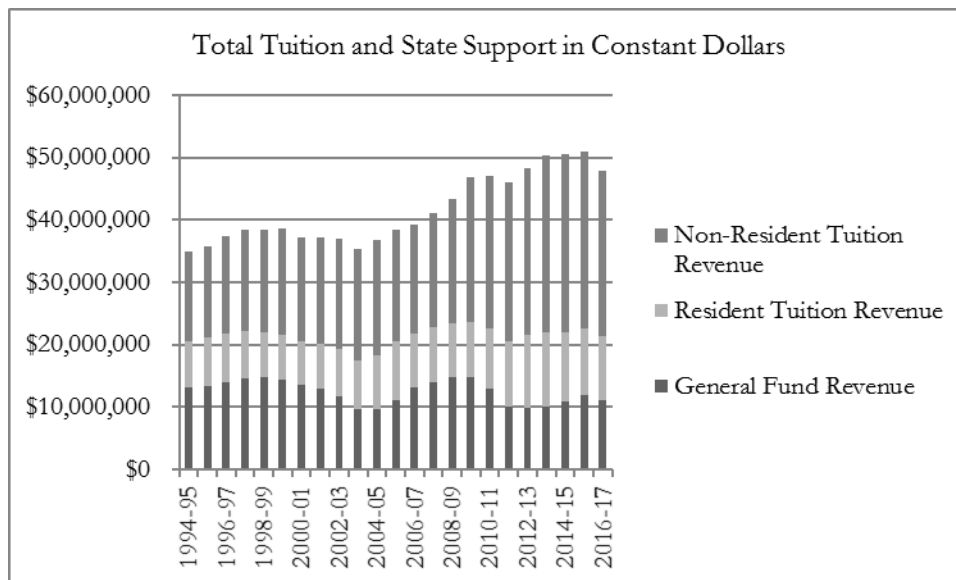
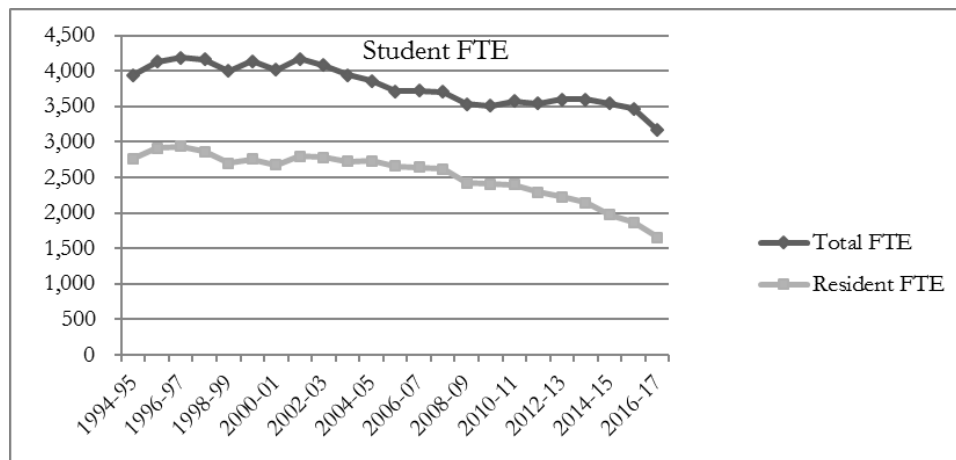
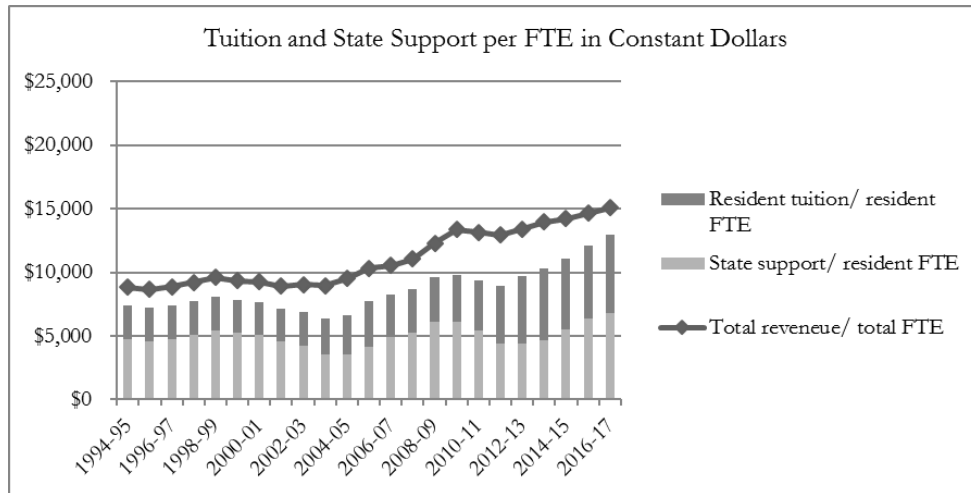
Western State Colorado University



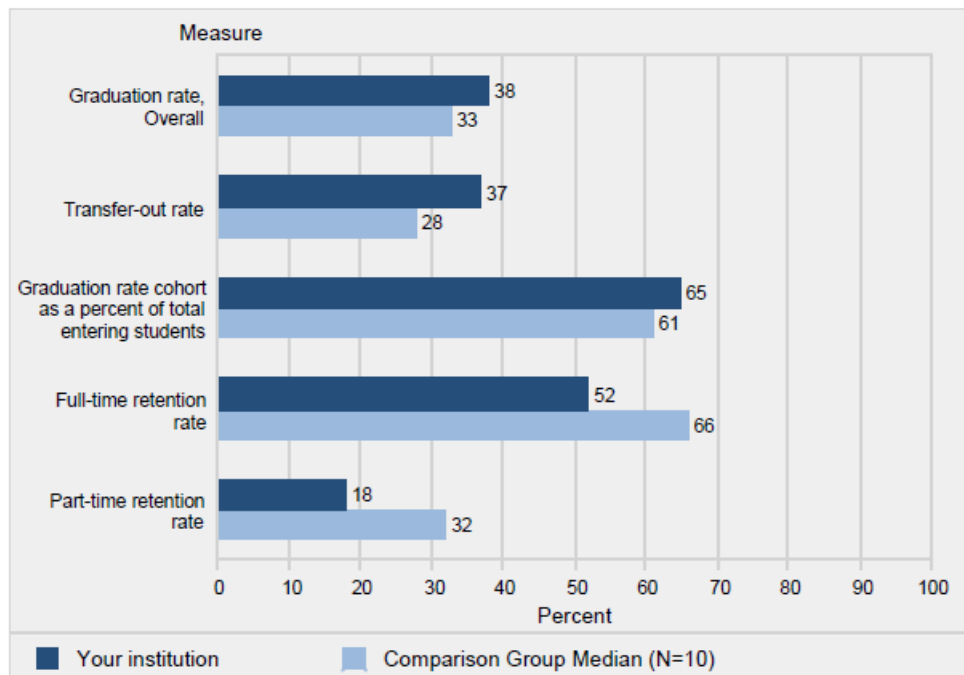
Western State Colorado University



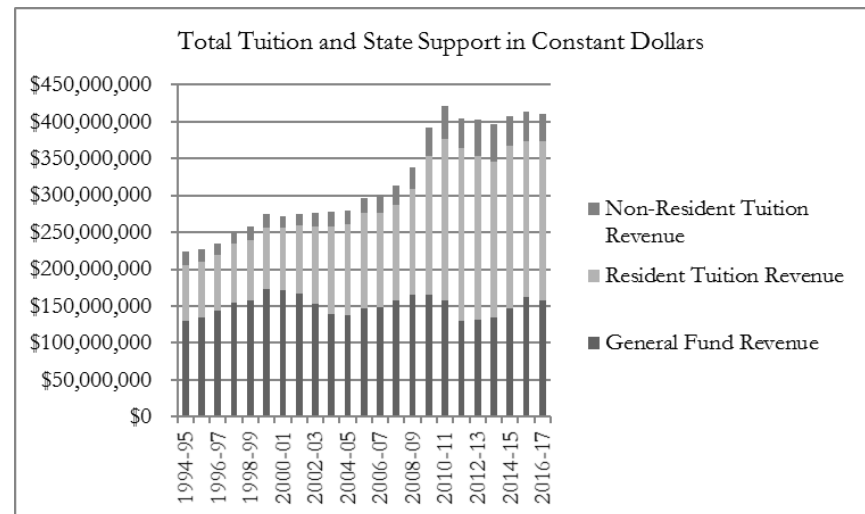
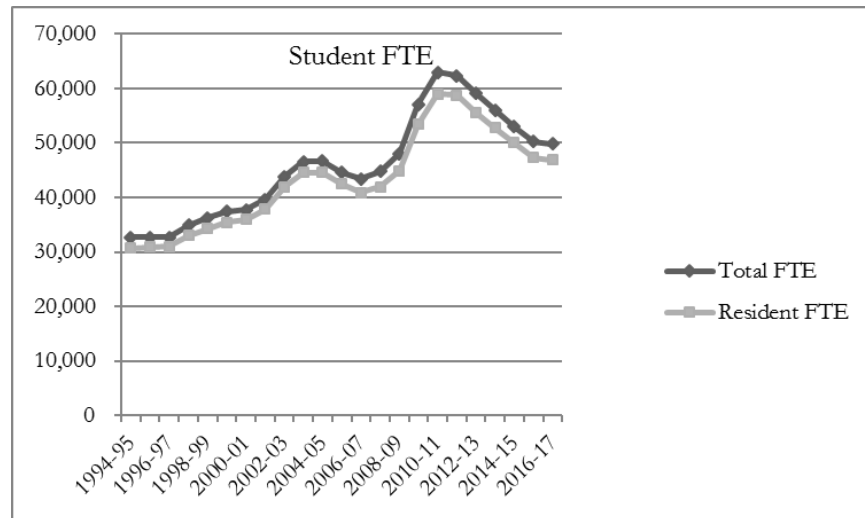
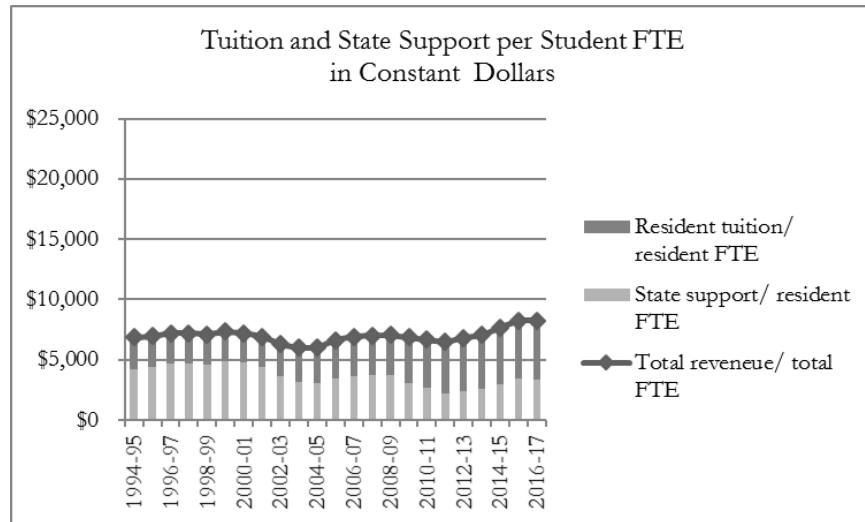
Fort Lewis College



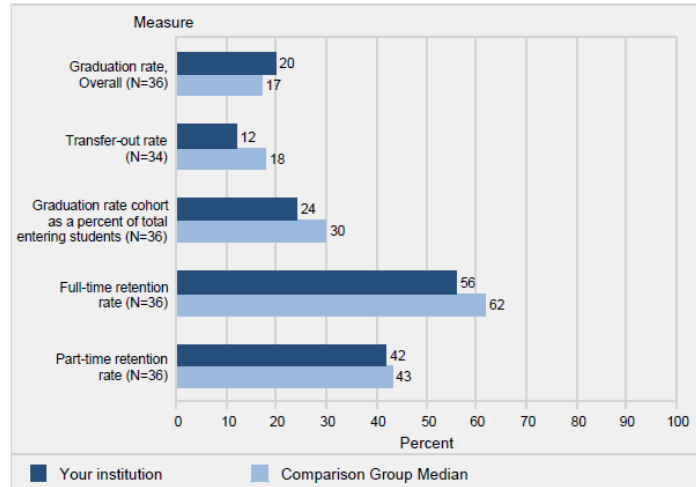
Fort Lewis College



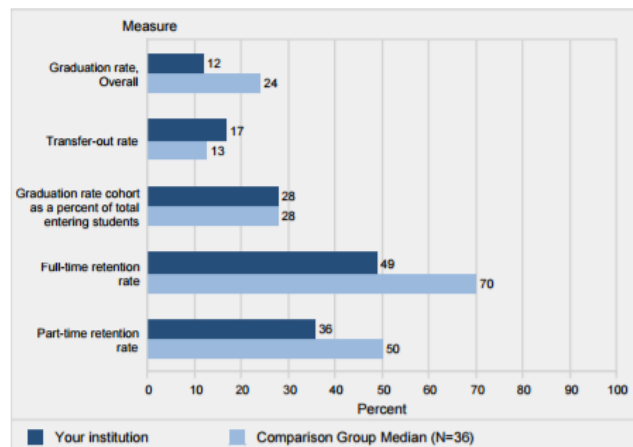
Colorado Community College System



Front Range Community College



Pikes Peak Community College



Otero Junior College

